This brochure provides information about the qualifications and business practices of Victory Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at (877) 660-4400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Victory Capital Management Inc. is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Victory Capital Management Inc. is available on the SEC’s website at: http://www.adviserinfo.sec.gov.
ITEM 2: MATERIAL CHANGES

There were no material changes to this Brochure since the last annual update on March 30, 2018. There were non-material additions, changes and elaborations, including to strategies, fee schedules, risk factors, and policies, and enhancements and clarifications throughout.
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ITEM 4: ADVISORY BUSINESS

GENERAL

Victory Capital Management Inc. ("Victory Capital") is an investment advisory firm registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act"). Victory Capital’s multi-boutique structure is comprised of the following autonomous investment franchises: Expedition Investment Partners, INCORE Capital Management, Integrity Asset Management, Munder Capital Management, NewBridge Asset Management, RS Investments, Sophus Capital, Sycamore Capital, and Trivalent Investments (each, an “investment franchise”). In addition, Victory Capital offers rules-based solutions through its Solutions Platform. Collectively, Victory Capital’s investment franchises and Solutions Platform manage investment strategies in a variety of asset classes (such as equity, fixed income and mixed asset classes) and through a variety of styles (such as active management, passive management, smart beta, asset allocation and custom).

OWNERSHIP AND LOCATIONS

Victory Capital is an indirect, wholly owned subsidiary of Victory Capital Holdings, Inc. (“VCH”). VCH is a Delaware corporation with its Class A common stock listed on the NASDAQ Global Select Market, under the symbol “VCTR.” As of the date hereof, Crestview Partners II GP, L.P. (and its affiliated funds) owns a controlling interest in VCH, with the remaining portion owned by Victory Capital employees and outside investors.

Victory Capital is headquartered in Brooklyn, OH, and has domestic offices in Birmingham, MI, Boston, MA, Brentwood, TN, Cincinnati, OH, Des Moines, IA, Greenwood Village, CO, New York, NY, and Rocky River, OH, San Francisco, CA, as well as international offices located in Hong Kong, Singapore, and the United Kingdom.

TYPES OF ADVISORY SERVICES

Through its separate investment franchises and its Solutions Platform, each with its own investment teams and unique strategies, Victory Capital provides continuous investment management advice either directly or indirectly (i.e., through certain financial intermediaries) to (1) institutional clients (as described in Item 7 herein) and high net worth individuals (institutional clients and high net worth individuals, together, “separate accounts”), (2) collective investment trusts, exchange traded funds (“ETFs”), Undertaking for Collective Investment in Transferable Securities (“UCITS”) funds, and affiliated and unaffiliated registered investment companies (collectively, “pooled vehicles”), and (3) clients who participate in wrap fee programs (as described below). Victory Capital also oversees the management of fixed-income and natural resources equity mutual funds, which are sub-advised by other investment advisers.

As of December 31, 2018, Victory Capital’s total assets under management (AUM) was approximately $52.8 billion, of which $51.7 billion was in client AUM on a discretionary basis and approximately $1.2 billion was in client AUM on a non-discretionary basis.1

1 The client assets under management reported in this brochure are gross assets based on the SEC’s “regulatory assets under management” calculation.
INVESTMENT ADVISORY SERVICES PROVIDED DIRECTLY TO CLIENTS

Victory Capital provides continuous investment management advice directly to (1) separate accounts and (2) pooled vehicles. Investors should note that investment decisions for separate accounts are provided at the client account level, whereas the investment decisions for pooled vehicles are made at the fund level. Thus, investment decisions that are made for separate accounts may vary from one client to another, whereas decisions made at the fund level will affect all fund investors.

Direct Investment Advisory Services to Separate Accounts

A client with a separate account enters into an investment advisory agreement with Victory Capital. This agreement, together with any investment policy statement or similar guidelines provided by the client, stipulates the investment strategies, objectives, guidelines and restrictions (which may include, among other things, restrictions on: market-capitalization, cash levels, security restrictions, or certain techniques that may be used in managing the account) applicable to the client’s account (the “investment mandate”) and includes provisions relating to investment management fees, proxy voting and termination. The investment management advice that Victory Capital provides to separate account clients – and how the investor will be affected by investment decisions – will vary from one client to another.

Victory Capital may from time to time, subject to applicable law, discuss with clients or potential clients (upon their request) one or more issuers (public or private) which it does not then hold in any portfolio managed by it, and which it may or may not be considering for investment. Any such discussions are solely for informational purposes for the client or potential client, and are not intended to constitute investment advice (except to the extent such discussions are investment advisory services specifically contemplated by the investment advisory agreement with Victory Capital). Such discussions may include, among other things, the views of an investment team at Victory Capital regarding the issuer or its securities, the issuer’s financial condition or prospects, or the merits generally of an investment (or non-investment) in that issuer or any industry or sector of which that issuer is a part. Victory Capital is under no obligation to enter into such discussions with any client or all clients, and may have such discussions only with certain clients in its sole discretion. Victory Capital will not, as a result of any such discussion, be limited in any way from purchasing or selling investments of any such issuer, including investments that may be or appear to be inconsistent with the views expressed in such discussion.

Direct Investment Advisory Services to Pooled Vehicles

Victory Capital also provides investment management advice directly to affiliated and unaffiliated pooled vehicles (or “funds”). Victory Capital provides investment management advice to these funds according to the investment mandate that is outlined in the funds’ offering and governing documents. Although there may be many investors in a fund, the investment mandate is not tailored to each investor’s needs the way separate accounts are tailored to each client. Thus, the investment management advice that Victory Capital provides to the funds – and how investors in them will be affected by investment decisions – will not vary from one investor to another. In fact, all investors in the fund will be affected the same way. Victory Capital is the investment adviser for the following types of pooled vehicles:

i. Victory-Sponsored Pooled Vehicles. Victory Capital serves as the investment adviser to the separate series of the following affiliated pooled vehicles: Victory Capital
Collective Investment Trust, Victory Capital International Collective Investment Trust and the Victory Funds. “Victory Funds” means the individual series portfolios of Victory Portfolios, Victory Portfolios II, Victory Variable Insurance Funds, and Victory Institutional Funds, each an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”).

ii. Externally Sponsored Pooled Vehicles. Victory Capital acts as investment sub-advisor to registered investment companies (such as mutual funds) and other non-registered pooled vehicles that are sponsored by third parties. Victory Capital currently acts as a sub-adviser for the registered investment companies disclosed in Part 1 of Form ADV. Victory Capital also acts as investment manager to certain sub-funds of Carolon Investment Funds plc, a UCITS product for non-U.S. investors. Victory Sophus Emerging Markets UCITS Fund and Victory Expedition Emerging Markets Small Cap UCITS Fund (collectively, the “Victory UCITS”) are currently the only sub-funds of Carolon Investment Funds plc for which Victory Capital acts as investment manager.

INVESTMENT ADVISORY SERVICES PROVIDED THROUGH INTERMEDIARIES OR INDIRECTLY TO CLIENTS

Victory Capital provides investment advisory services through intermediaries, such as broker-dealers, fund supermarkets and financial advisers, or indirectly to clients who participate in wrap fee programs. Victory-Sponsored Pooled Vehicles, including mutual funds and ETFs, are available to the public through distribution partnerships with intermediary and retirement platforms.

Wrap Fee Accounts

Victory Capital provides investment management advice indirectly through third party intermediaries to investors who participate in “wrap fee programs”. According to Rule 204-3(h)(5) of the Advisers Act, a wrap fee program is any advisory program under which a client is charged a specified fee or fees not based directly on transactions in the client’s account for investment advisory services (which may include portfolio management or advice concerning the selection of other advisers) and execution of client transactions.

Wrap fee programs are sponsored, organized and administered by the “wrap fee sponsor.” The wrap fee sponsor provides advice to clients regarding, among other things, the selection of other investment advisers in the program. In most wrap fee programs, the wrap fee sponsor has direct contact with the wrap fee client and, through client consultation, will establish the investment mandate. Victory Capital provides investment advisory services to two types of wrap fee programs: (1) on a non-discretionary basis, to unified managed account programs (“UMA programs”), which are sponsored by other investment advisers (“UMA sponsors”); and (2) on a discretionary basis, to programs with separately managed accounts (“SMA programs”), which are sponsored by other registered investment advisers or broker-dealers (the “SMA sponsors”).

Wrap fee sponsors should provide wrap fee clients with the sponsor’s wrap fee brochure (Schedule H of the wrap sponsor’s form ADV) and the brochure for each discretionary investment adviser or sub-adviser that is used by the wrap fee client. Victory Capital is the investment adviser for the following types of wrap accounts:
i. **Unified Managed Accounts ("UMA").** When Victory Capital provides non-discretionary investment advisory services to UMA accounts, Victory Capital creates and provides the UMA sponsor with security recommendations (a “model portfolio”). As stated previously, the investment mandate stipulates the UMA client’s investment strategies, objectives, restrictions and guidelines. The wrap fee is based upon a percentage of the market value of the UMA sponsor’s accounts. Victory Capital receives a portion of the fee charged by the wrap fee sponsor.

UMA clients are clients of the UMA sponsor; they are not clients of Victory Capital. The UMA sponsor retains full discretion to accept, modify or reject the model portfolio and, in most cases, executes any securities transactions for the UMA client. The UMA sponsor bears the responsibility to determine whether an investment is or continues to be appropriate for the UMA client.

ii. **Separately Managed Accounts ("SMA").** Victory Capital provides investment advisory services to SMAs. In SMA programs, the client (“SMA client”) may enter into a wrap fee agreement (“wrap fee agreement”) with the SMA sponsor. Alternatively, the SMA client may enter into an agreement with both the SMA sponsor and Victory Capital as the investment adviser (a “dual contract”).

SMA clients are charged a single, all-inclusive fee by the wrap sponsor, which covers services provided by both the wrap sponsor and the investment adviser. The wrap fee is based upon a percentage of the market value of the SMA client’s account. Victory Capital receives a portion of the fee charged by the wrap sponsor. Typically, the SMA wrap sponsor will assist the SMA client with choosing one or more investment advisers or sub-advisers from a group of investment advisers that are available under the program (based on the client’s investment mandate).

Victory Capital does not determine whether a particular wrap fee program is suitable or advisable for any client. Rather, the wrap sponsor determines whether the investment strategy provided by Victory Capital is suitable for the client. Victory Capital may accept or reject a wrap client for any reason.

There are several notable differences between a UMA program and a SMA program. As noted previously, in the UMA program, the UMA sponsor (not Victory Capital) generally executes securities transactions for the UMA client. However, in the SMA program, Victory Capital (not the SMA sponsor) executes securities transactions on behalf of the SMA client, using a third-party wrap trading platform. Additionally, Victory Capital may allow SMA clients or an SMA program to restrict investments in ways that it may not for a UMA program.

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**ITEM 5: FEES AND COMPENSATION**

In most cases, Victory Capital is paid an asset-based fee for its advisory services, at rates which vary, based primarily on the type of strategy and the type and size of the account. Certain
separate accounts pay Victory Capital an advisory fee structured as a performance-based fee which is a modification of the standard asset-based fee.

**ASSET BASED FEES**

Victory Capital’s asset-based fee schedules for new separate accounts are listed below. Advisory fees may be negotiated in limited circumstances, depending on the nature of the client’s portfolio, customized services being provided and investment objectives. When Victory Capital negotiates fees, it may take into account the strategy, services being provided and size of the account and the overall relationship with Victory Capital. For example, accounts with a family or business relationship to each other may be aggregated in order to apply advisory fee breakpoints. On occasion, Victory Capital may agree to a fixed (or flat) fee arrangements. Victory Capital may impose minimum sizes and minimum annual fees. Victory Capital reserves the right to charge higher fees for accounts that require customized solutions or do not meet account minimums. Victory Capital also reserves the right to waive fees, reduce mandatory minimums, or to close a strategy to new or existing investors. Fees may be waived or reduced for investors who are affiliates of Victory Capital, employees of Victory Capital or its affiliates (or family members of such employees), and certain other investors as determined by Victory Capital in its sole discretion.

Victory Capital offers products that are customized to produce desired outcomes based on specific client needs through its Solutions Platform. These services may leverage our quantitative and qualitative expertise to deliver a customized index, manage passive products tied to an index, or recommend a custom portfolio incorporating asset allocation, security and manager selection, designed to deliver a specific exposure or outcome. Fees for products offered through our Solutions Platform are individually negotiated by each client based on the delivered solution.

Victory Capital receives asset based fees for the advisory services it provides to the Victory Funds, other pooled vehicles and wrap clients that are different from what are shown below. Investors in these products should consult the offering documents or wrap program brochure for more information about Victory Capital's advisory fees.

**Domestic Equity**

<table>
<thead>
<tr>
<th>NewBridge Asset Management</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| NewBridge Large Cap Growth | Large Cap Growth | $10M / $65K                   | • 0.65% on the first $25M  
• 0.55% on the next $25M  
• 0.45% on the next $50M  
• 0.40% on assets exceeding $100M |

<table>
<thead>
<tr>
<th>RS Investments</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| RS Small Cap Value | Small Cap Value | $10M / $100K | • 1.00% on the first $30M  
• 0.80% on the next $20M  
• 0.60% on assets exceeding $50M |
|-------------------|----------------|------------|------------------------------------------------|
| RS Mid Cap Value  | Mid Cap Value  | $10M / $60K | • 0.60% on the first $25M  
• 0.55% on the next $25M  
• 0.50% on the next $50M  
• 0.45% on assets exceeding $100M |
| RS Large Cap Value| Large Cap Value|$10M / $50K | • 0.50% on the first $25M  
• 0.45% on the next $25M  
• 0.40% on the next $50M  
• 0.35% on assets exceeding $100M |
| RS Concentrated All Cap Value | All Cap Value | $10M / $85K | • 0.85% on the first $30M  
• 0.80% on the next $20M  
• 0.75% on assets exceeding $50M |
| RS Small Cap Growth | Small Cap Growth | $10M / $90K | • 0.90% on the first $25M  
• 0.80% on the next $25M  
• 0.70% on the next $50M  
• 0.60% on assets exceeding $100M |
| RS Small/Mid Cap Growth | Small/Mid Cap Growth | $10M / $80K | • 0.80% on the first $25M  
• 0.70% on the next $25M  
• 0.60% on the next $50M  
• 0.55% on assets exceeding $100M |
| RS Mid Cap Growth  | Mid Cap Growth  | $10M / $70K | • 0.70% on the first $25M  
• 0.65% on the next $25M  
• 0.60% on the next $50M  
• 0.50% on assets exceeding $100M |
| RS Large Cap Growth | Large Cap Growth | $10M / $50K | • 0.50% on the first $25M  
• 0.45% on the next $25M  
• 0.40% on the next $50M  
• 0.35% on assets exceeding $100M |
| RS Science & Technology | Sector Focus | $10M / $100K | • 1.00% on the first $30M  
• 0.80% on the next $20M  
• 0.60% on assets exceeding $50M |

<table>
<thead>
<tr>
<th>Sycamore Capital</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| Sycamore Mid Cap Value | Mid Cap Value | $10M / $75K | • 0.75% on the first $25M  
• 0.70% on the next $25M  
• 0.65% on the next $50M  
• 0.60% on assets exceeding $100M |
| Sycamore Small Cap Value | Small Cap Value | $10M / $100K | • 1.00% on the first $10M  
• 0.85% on the next $15M  
• 0.80% on the next $25M  
• 0.75% on the next $50M  
• 0.70% on assets exceeding $100M |
|--------------------------|-----------------|---------------|----------------------------------------------------------------------------------------------------------------------------------|

<table>
<thead>
<tr>
<th>Munder Capital Management</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| Munder Mid-Cap Core Growth | Mid Cap Growth | $10M / $75K | • 0.75% on the first $25M  
• 0.60% on the next $25M  
• 0.55% on the next $50M  
• 0.50% on assets exceeding $100M |
| Munder Mid-Cap Growth | Mid Cap Growth | $10M / $75K | • 0.75% on the first $25M  
• 0.60% on the next $25M  
• 0.55% on the next $50M  
• 0.50% on assets exceeding $100M |
| Munder Small Cap Growth | Small Cap Growth | $10M / $100K | • 1.00% on the first $10M  
• 0.90% on the next $15M  
• 0.80% on the next $25M  
• 0.75% on the next $50M  
• 0.70% on assets exceeding $100M |
| Munder Focused Small/Mid-Cap | Small/Mid Cap Core | $10M / $85K | • 0.85% on the first $25M  
• 0.70% on the next $25M  
• 0.65% on the next $50M  
• 0.55% on assets exceeding $100M |
| Munder Small-Cap/ Mid-Cap Blend | Small/Mid Cap Core | $10M / $85K | • 0.85% on the first $10M  
• 0.75% on the next $15M  
• 0.70% on the next $25M  
• 0.60% on the next $50M  
• 0.50% on assets exceeding $100M |
| Munder Multi-Cap | All Cap Core | $10M / $60K | • 0.60% on the first $25M  
• 0.50% on the next $25M  
• 0.45% on the next $50M  
• 0.40% on assets exceeding $100M |
| Munder Diversified | Large Cap Core | $10M / $60K | • 0.60% on the first $25M  
• 0.50% on the next $25M  
• 0.45% on the next $50M  
• 0.40% on assets exceeding $100M |

<table>
<thead>
<tr>
<th>Integrity Asset Management</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| Integrity Mid Cap Value | Mid Cap Value | $5M / $42.5K | • 0.85% on the first $15M  
• 0.75% on the next $35M  
• 0.65% on the next $50M  
• 0.60% on assets exceeding $100M |
|------------------------|---------------|--------------|------------------------------------------------------------------|
| Integrity Small/Mid Cap Value | Small/Mid Cap Value | $5M / $50K | • 1.00% on the first $15M  
• 0.85% on the next $35M  
• 0.80% on the next $50M  
• 0.75% on assets exceeding $100M |
| Integrity Small Cap Value | Small Cap Value | $10M / $100K | • 1.00% on the first $15M  
• 0.90% on the next $35M  
• 0.80% on the next $50M  
• 0.75% on assets exceeding $100M |
| Integrity Micro Cap Value | Micro Cap Value | $5M / $50K | • 1.00% on the first $15M  
• 0.90% on the next $35M  
• 0.80% on the next $50M  
• 0.75% on assets exceeding $100M |

**International Equity**

<table>
<thead>
<tr>
<th>Expedition Investment Partners</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| Expedition International Small Cap | International Small Cap Growth | $10M / $100K                    | • 1.00% on the first $25M  
• 0.90% on the next $75M  
• 0.85% on assets exceeding $100M |
| Expedition International SMID Cap | International SMID Cap Growth | $10M / $95K                     | • 0.95% on the first $25M  
• 0.85% on the next $75M  
• 0.80% on assets exceeding $100M |
| Expedition International Micro Cap | International Micro Cap Growth | $10M / $150K                    | • 1.50% on all assets |
| Expedition All Country ex US Small Cap | ACWI ex US Small Cap Growth | $10M / $90K                     | • 0.90% on the first $50M  
• 0.85% on the next $50M  
• 0.80% on assets exceeding $100M |
| Expedition Emerging Markets Small Cap | Emerging Markets Small Cap | $25M / $275K                    | • 1.10% on the first $50M  
• 1.00% on the next $50M  
• 0.90% on assets exceeding $100M |

<table>
<thead>
<tr>
<th>RS Investments</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| RS International | International All Cap Core | $10M / $35K                     | • 0.35% on the first $25M  
• 0.30% on the next $25M  
• 0.25% on the next $50M  
• 0.20% on assets exceeding $100M |
<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| **RS Global**          | Global All Cap Core    | $10M / $35K                       | • 0.35% on the first $25M  
• 0.30% on the next $25M  
• 0.25% on the next $50M  
• 0.20% on assets exceeding $100M |
| **Sophus Capital**      |                        |                                   |                                                                                          |
| Sophus Emerging Markets| Emerging Markets All Cap Core | $10M / $80K                       | • 0.80% on the first $50M  
• 0.70% on the next $50M  
• 0.60% on the next $100M  
• Negotiable on assets exceeding $200M |
| Sophus Emerging Markets Small Cap | Emerging Markets Small Cap | $10M / $100K                       | • 1.00% on the first $25M  
• 0.95% on the next $25M  
• 0.90% on the next $50M  
• 0.85% on the next $100M  
• Negotiable on assets exceeding $200M |
| **Trivalent Investments** |                        |                                   |                                                                                          |
| Trivalent International Small Cap | International Small Cap Core | $10M / $95K                       | • 0.95% on the first $25M  
• 0.85% on assets exceeding $25M |
| Trivalent International Core | International All Cap Core | $10M / $60K                       | • 0.60% on the first $50M  
• 0.55% on the next $50M  
• 0.50% on assets exceeding $100M |
| Trivalent International ACWI ex-US | ACWI ex-US Large Cap Core | $10M / $60K                       | • 0.60% on the first $50M  
• 0.55% on the next $50M  
• 0.50% on assets exceeding $100M |
| Trivalent Emerging Markets | Emerging Markets Large Cap Core | $10M / $90K                       | • 0.90% on the first $50M  
• 0.80% on the next $50M  
• 0.70% on the next $50M  
• 0.60% on assets exceeding $150M |
| Trivalent Emerging Markets Small Cap | Emerging Markets Small Cap | $25M / $250K                       | • 1.00% on the first $25M  
• 0.95% on the next $25M  
• 0.90% on the next $50M  
• Negotiable on assets exceeding $100M |
**Fixed Income**

<table>
<thead>
<tr>
<th>INCORE Capital Management</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
</table>
| INCORE Core Fixed Income   | Core/Aggregate                | $10M / $25K                       | • 0.25% on the first $25M  
• 0.20% on the next $25M  
• 0.15% on the next $50M  
• 0.10% on assets exceeding $100M |
| INCORE Total Return        | Core Plus/Aggregate           | $10M / $25K                       | • 0.25% on the first $25M  
• 0.20% on the next $25M  
• 0.15% on the next $50M  
• 0.10% on assets exceeding $100M |
| INCORE Short-Term Fixed Income | Short Core/Aggregate       | $10M / $25K                       | • 0.25% on the first $25M  
• 0.20% on the next $25M  
• 0.15% on the next $50M  
• 0.10% on assets exceeding $100M |
| INCORE Low Duration        | Short Core/Aggregate          | $10M / $25K                       | • 0.25% on the first $25M  
• 0.20% on the next $25M  
• 0.15% on the next $50M  
• 0.10% on assets exceeding $100M |
| INCORE Short Government    | Short Government/Agency       | $20M / $70K                       | • 0.35% on the first $50M  
• 0.30% on the next $50M  
• 0.25% on assets exceeding $100M |
| INCORE Investment Grade Convertible Securities | Investment Grade Convertible Securities | $10M / $55K | • 0.55% on the first $25M  
• 0.50% on the next $25M  
• 0.45% on the next $50M  
• 0.40% on assets exceeding $100M |

**Other**

<table>
<thead>
<tr>
<th>Victory Solutions</th>
<th>Style</th>
<th>Minimum Account Size / Annual Fee</th>
<th>Standard Institutional Separate Account Fee Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various VS Domestic Equity Rules-Based Strategies</td>
<td>Varies by Strategy</td>
<td>$10M / $10K</td>
<td>• Range of 0.10%-0.30% on all assets</td>
</tr>
<tr>
<td>Various VS International Equity Rules-Based Strategies</td>
<td>Varies by Strategy</td>
<td>$10M / $10K</td>
<td>• Range of 0.10%-0.45% on all assets</td>
</tr>
<tr>
<td>Various VS Alternatives Rules-Based Strategies</td>
<td>Varies by Strategy</td>
<td>$10M / $10K</td>
<td>• Range of 0.10%-0.60% on all assets</td>
</tr>
</tbody>
</table>
Victory Capital receives payment for its investment advisory services in a number of ways, which depends primarily upon product type or client preference. Generally, the methods available are as follows:

- **Separate accounts:** Unless otherwise agreed upon with a client, separate accounts are charged quarterly in arrears, based on the average of month-end account values. Separate accounts that are initiated or terminated during a calendar quarter are charged a prorated fee. In the event of termination, any fees paid in advance are refunded on a pro-rata basis. Any outstanding fees are charged on a pro-rata basis, according to the terms of the investment advisory agreement.

  Separate account clients receive quarterly statements from their “qualified custodian,” as defined in Rule 206(4)-2 under the Advisers Act (the “qualified custodian”). These statements list all transactions made in and fees charged to the account. Certain clients authorize Victory Capital to deduct fees directly from clients’ assets. Clients that have arranged for standing letters of authorization (“SLOA”), enabling Victory Capital to deduct fees from their account, should compare these fees to the official account statements generated by qualified custodians.

  - **Institutional client accounts:** Institutional clients may receive and pay invoices directly to Victory Capital or they may choose to receive invoices and authorize their qualified custodian to submit payment to Victory Capital.

  - **High net worth client accounts:** Victory Capital submits invoices to the client’s qualified custodian, who is authorized to remit payment to Victory Capital on behalf of the client. The client must consent in advance to make direct debits to their investment accounts. For sub-advisory services, the client’s investment adviser calculates and remits sub-advisory fees to Victory Capital.

- **Pooled vehicles:**

  - **Mutual funds and ETFs:** Fees are paid as provided in the fund’s prospectus and statement of additional information. Generally, fees are deducted daily through a reduction in the fund’s Net Asset Value (NAV) and paid to Victory Capital monthly in arrears.

  - **Collective trust funds:** Clients may choose to pay advisory fees directly from the assets of the fund or be invoiced directly.

  - **UCITS:** Fees are paid as provided in the Victory UCITS offering documents available on-line at [http://www.caroloncapital.com/UCITS-fund.html](http://www.caroloncapital.com/UCITS-fund.html).

- **Wrap fee programs:** Fees for wrap fee programs - both UMA and SMA - are paid to Victory Capital by the wrap sponsor. Fees vary and may be charged either in advance or arrears, depending on the agreement between Victory Capital and the wrap sponsor. SMA clients with
dual contracts (as discussed in Item 4) may receive and pay invoices directly to Victory Capital or they may choose to receive invoices and authorize their custodian to submit payment to Victory Capital.

**PERFORMANCE BASED FEES**

Certain separate accounts, including some pooled vehicles for which Victory Capital serves as the subadvisor, pay Victory Capital an advisory fee structured as a combination of an asset-based fee and a performance-based fee. Typically, a performance-based fee increases the fee earned by Victory Capital depending on how the account performs relative to a specified benchmark or prior period performance. Under certain circumstances, a client whose account is subject to a performance-based fee may pay Victory Capital an increased fee even though the performance of both the account and the benchmark is negative (e.g., the decline in the performance of the benchmark is greater than the decline in the account’s net performance). At times these accounts may pay a lower fee than a client with the same level of assets that pays only an asset-based fee. A description of the performance-based fee paid by a separate account or a pooled vehicle is included in the investment management agreement or offering documents governing the account or vehicle. Performance-based fees, if applicable, are billed after the performance period is completed.

Please see Item 6, “Performance-Based Fees and Side-by-Side Management,” for more information regarding performance fees.

**THIRD PARTY OR OTHER FEES**

In addition to the advisory fee paid to Victory Capital, clients may directly or indirectly pay fees to third parties associated with their accounts and investments. Such fees may include custody fees, tax liabilities or other fees. For example, clients with separately managed accounts select and negotiate custody and transaction fees with their custodian. Brokerage fees are included in the price at which equity trades are executed (for more information, please see Item 12 herein). Clients may also incur trade execution or service charges, dealer mark-ups and mark-downs, charges for odd-lot differentials, foreign exchange fees, transfer taxes, electronic fund transfer fees, trust custodial fees or any charges mandated by law.

Pooled vehicles, including the Victory Funds, pay interest expense, taxes, custodian fees and charges, professional fees, administrative service fees and other charges incurred in connection with the operation of funds. In addition, the Victory Funds and other types of pooled vehicles pay other types of fees and expenses, including, but not limited to, distribution fees, transfer agent fees, registration fees, fees related to the preparation of shareholder reports, fees of the funds' independent trustees, and insurance expenses. Information regarding these fees and expenses is included in the applicable prospectus and statement of additional information for the Victory Funds or other offering document for other types of pooled vehicles.

Victory Capital may invest assets in a client’s separate account in unaffiliated pooled vehicles or in the Victory Funds. Victory Capital may do this, for example, if a Victory Fund provides a more efficient or cost-effective way to diversify the account into another asset class or to deploy cash. When Victory Capital invests client’s separate account assets into pooled vehicles, the account will incur charges or fees (in addition to those listed above for separate accounts) that are disclosed in the offering documents associated with such investments. When Victory Capital invests a portion of a client’s separate account into a registered investment company, it selects
the most favorable share class the client is eligible for. If Class A shares of a mutual fund are selected, such investment will be made on a “no load” basis (i.e., shares are purchased or redeemed without a sales commission or sales charge). However, these accounts remain subject to the advisory and other fees that are charged to shareholders of such funds, as set forth in each fund’s prospectus. If Victory Capital selects an ETF for a client account, the account will incur brokerage commissions to buy or sell shares of that ETF on an exchange.

Depending on the Victory Fund in which the separate account is invested, the fees associated with that Fund (a portion of which is paid to Victory Capital) may be more than the advisory fee that is otherwise applicable to the account. In such instances, it may present a conflict of interest for Victory Capital because the investment advisory and administration fees it receives from the applicable Victory Fund are greater than the advisory fees that are otherwise applicable to the account. Further, Victory Capital has an incentive to recommend investments in the Victory Funds rather than in unaffiliated funds because Victory Capital receives investment advisory and administration fees from those affiliated funds but not from unaffiliated funds. To address these conflicts, Victory Capital has adopted policies and procedures and a Code of Ethics that are designed to mitigate these conflicts of interest.
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5, “Fees and Compensation,” Victory Capital receives performance-based fees from certain clients. Because a performance fee is based on an account’s net performance, including unrealized appreciation, it may create an incentive for Victory Capital to cause the accounts that pay a performance-based fee to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of those accounts. In addition, Victory Capital may have a conflict of interest in allocating limited opportunity investments between client accounts that pay a performance-based fee and clients that do not pay a performance-based fee, if it perceives that it may receive more favorable compensation with respect to the accounts that pay a performance-based fee.

To address these conflicts, Victory Capital has adopted policies and procedures and a Code of Ethics that are designed to mitigate these conflicts of interest. The Victory Capital Code of Ethics requires employees to place their clients’ interests ahead of their own (for more information, see Item 11 herein).

Victory Capital follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities, and regularly reviews trades for consistency with Victory Capital’s allocation procedures. Victory Capital's procedures do not permit performance-based fee arrangements to be taken into consideration in connection with the allocation of investment opportunities. Pursuant to these procedures, Victory Capital generally allocates investments pro rata based on the current total net assets of each account, and any deviation from a pro rata allocation must follow Victory Capital’s allocation policies and procedures (for more information, please see Item 12 herein).

In addition, Victory Capital uses a model portfolio as the basis of portfolio construction for separate accounts in the same strategy so those accounts are treated the same, subject to each client’s investment mandate. Accounts with a mix of fee structures are included in the same composite which facilitates comparison across account types for any dispersion of performance between accounts with and without performance fees. Compliance personnel periodically performs side-by-side testing of the trades in these accounts to ensure all clients are being treated fairly.
ITEM 7: TYPES OF CLIENTS

Victory Capital provides investment advisory or sub-advisory services to high net worth individuals, institutional clients, and pooled vehicles. Institutional clients may include charitable organizations, financial institutions (such as banks and insurance companies), pension or profit sharing plans, corporations, Taft-Hartley plans, and sovereign wealth funds. Victory Capital's pooled vehicle clients may include investment companies (including the Victory Funds), ETFs (including the VictoryShares ETFs), unit trusts, UCITS (including the Victory UCITS) and collective investment trusts (including Victory Capital Collective Investment Trust and Victory Capital International Collective Investment Trust).

Victory Capital also provides advisory and sub-advisory services to UMA sponsors and SMA clients in wrap fee programs (for additional information, see Item 4 herein). Victory Capital provides sub-advisory services to private funds, but as of the date of this brochure, does not directly advise its own private fund.

Please see Item 5 for information regarding minimum account sizes.
**Investment Franchises**

Victory Capital’s separate investment franchises have autonomy over their investment process, strategies and portfolio decisions. In addition, Victory Capital’s Solutions Platform consists of customized strategies that are primarily rules-based. Each franchise and team is supported by a common infrastructure comprising trading, operations, compliance, sales, marketing, client service, and general business management. Overall, these investment franchises manage a variety of domestic and international equities, convertibles and fixed income strategies. Each strategy is intended to be one of several components of a client’s overall asset allocation and is not intended to be a complete investment program.

Below is a summary of the investment strategies and methodologies used by each franchise and the Solutions Platform, together with a list of the principal risks associated with those strategies. A complete description of these risks is further below under “Glossary of Risks.”

Any investment includes the risk of loss that clients should be prepared to bear and there can be no guarantee that a particular level of return will be achieved. Clients and other investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. They should read carefully all applicable offering or governing documents.

**Expedition Investment Partners (“Expedition”)**

Expedition invests in securities, including common stocks, preferred stocks, or other securities immediately convertible into common stock, issued by companies in developed, emerging and frontier market countries, excluding the United States. Expedition’s investment strategies may include equity securities of micro-, small- and small-/mid-cap companies.

Expedition believes that smaller companies are attractive because they are inefficiently priced, under-researched and have limited institutional ownership. Internal research drives the investment process, which focuses on gathering fundamental information on potential investments and taking a view on the strength of the business model and its growth prospects.

Expedition aims to produce portfolios of high quality and exceptionally dynamic small cap companies, with a focus on those operating in industries that offer attractive investment opportunities as a result of secular changes. Within these areas, Expedition seeks to find the companies with the highest probability of achieving success through industry-leading proprietary products and services, sustainable margins, and strong balance sheets. Valuation analysis is used to determine whether the company’s stock is undervalued enough relative to its growth prospects to provide meaningful upside, but is only conducted on companies that Expedition determines to be strong and sustainable franchises. Although portfolio country and sector weightings are the result of bottom-up stock selection, for the purposes of diversification and risk control, a broad country and industry representation is sought in the portfolio.

To gain exposure to an emerging or frontier market country for a client account, Expedition may buy participation notes from a bank or broker-dealer (“Issuer”) that entitle the account to a return
measured by the change in value of an identified underlying security or basket of securities. Participation notes are typically used when a direct investment in the market is restricted.

**Principal Investment Risks**
Derivatives Risk; Emerging Market Risk; Equity Securities Risk; Foreign Securities Risk; Underlying Investment Vehicle Risk; Liquidity Risk; Management Risk; Participation Note Risk; and Smaller Companies Risk.

**INCORE Capital Management (“INCORE”)**

**INCORE Convertibles**

The INCORE Investment Grade Only Convertibles Strategy invests in domestic convertible securities rated “investment-grade” by a nationally recognized statistical rating organization, such as S&P, Moody’s or Fitch.

The INCORE Investment Grade Convertibles Strategy invests in a blend of domestic investment grade convertible securities, high quality, unrated convertible securities and select lower grade convertibles. Below investment-grade or unrated convertibles are generally limited to 20% of the portfolio. The average quality of the portfolio is rated investment grade securities.

The INCORE All Qualities Convertible Strategy invests in domestic convertible securities encompassing the entire quality spectrum. Despite the all qualities nature of this strategy, it favors higher than average quality convertibles.

Convertible security selection involves analyzing the underlying stock to determine its attractiveness. The convertible security’s credit profile and fixed income characteristics are analyzed and then each issue’s specific convertible characteristics are assessed. Internal and external research, as well as various quantitative reports, is used to analyze the underlying stock. The INCORE Convertibles team seeks to identify stocks with long-term fundamental prospects that are not yet reflected in the current price. The strategy’s investment team also looks for catalysts to move the stock sooner, rather than later. Potential catalysts may include rising earnings estimates, new product potential, or positive capital allocation decisions. Finally, dedicated convertible systems are used to assess the unique characteristics of each issue to determine its risk/reward profile, as well as any important convertible attributes.

Following the individual convertible evaluation, the INCORE Convertibles team invests in the most attractive convertible securities to build diverse portfolios. The team takes a balanced approach to portfolio construction by dividing the portfolio into thirds, with roughly a third of the portfolio in equity-sensitive convertibles that provide upside participation, a third in defensive, bond-like convertibles for downside protection, and a third in total return or middle-of-the-road convertibles that provide upside potential and downside protection. This balanced structure is designed to lessen volatility and provide smooth performance over a market cycle.

**Principal Investment Risks**
Convertible Debt Securities Risk; Debt Securities Risk; Equity Securities Risk; Focused Investment Risk; Foreign Securities Risk; High-Yield/Junk Bond Risk; Interest Rate Risk; Liquidity Risk; Management Risk; Political Risk; Reinvestment Risk; and Synthetic Convertible Securities Risk.
The INCORE fixed income strategies invest principally in fixed income securities that are rated “investment grade” by a nationally recognized statistical rating organization, such as S&P, Moody’s or Fitch. The strategies invest for varying maturities and can include taxable and tax-exempt securities.

The INCORE fixed income team believes that value can be added consistently by exploiting economic cycles that create capital market inefficiencies and cyclical valuations that revert to the mean over time. The INCORE team uses a macro world view based on a proprietary, multi-factor model that broadly accounts for economic, valuation, and momentum factors. The results of this model are used to help determine aggregate exposure to credit spreads versus government securities, such as treasuries and agencies, and to identify opportunities among credit sectors, such as corporate bonds and mortgage- and asset-backed securities. The model also helps determine interest rate exposure and positioning on the yield curve. The INCORE team uses the model to help make sector allocation, active duration, and yield curve positioning decisions.

The primary goal of the INCORE fixed income team’s credit research is to maximize total and risk adjusted return. The INCORE fixed income team uses a proprietary, multi-factor credit screening process to identify and own the debt of companies with stable or improving credit fundamentals and to avoid the debt of companies with deteriorating credit fundamentals. Fundamental credit factors include earnings, cash flow, profitability, balance sheet ratios, and Altman Z-scores. Additional factors include valuation, liquidity, ratings pressure, and a forward probability of default, which incorporates equity volatility. The screening process allows the INCORE team to cover a wide universe of investable issuers and to focus quickly its efforts on issuers that meet its investment criteria. The screening tool is the first step in the process, which is followed by a more thorough investigation of stability, experience, reputation of the management team and understanding the company’s business model and the sustainability of its cash flows. The INCORE team also looks closely at ownership by activist shareholders who may be inclined to encourage actions that favor equity holders over debt holders.

The INCORE strategies’ fixed income securities may include without limitation: U.S. government securities, including securities issued by agencies or instrumentalities of the U.S. government; long- and short-term corporate debt obligations; mortgage-backed securities, including collateralized mortgage obligations (CMOs) and commercial mortgage-backed securities (CMBS); asset-backed securities, including collateralized debt obligations (CDOs); and U.S. dollar-denominated obligations of foreign governments, corporations and banks (i.e., Yankee Bonds). The INCORE strategies may purchase or sell securities on a when-issued, to-be-announced (TBA), delayed delivery or forward commitment basis and may engage in short-term trading of portfolio securities. The INCORE strategies may also utilize dollar roll transactions to obtain market exposure to certain types of securities, particularly mortgage-backed securities. The INCORE strategies may enter into exchange traded or over-the-counter derivatives transactions of any kind, such as futures contracts (both long and short positions), options on futures, and swap contracts, including, for example, interest rate swaps and credit default swaps.

The INCORE fixed income team may invest in loans of any maturity and credit quality. If the strategy invests in loans, the strategy’s investment team may seek to avoid the receipt of material non-public information about the issuers of the loans being considered for purchase by the
strategy, which may affect its ability to assess the loans as compared to investors that do receive such information.

Although the INCORE fixed income strategies will primarily be invested in domestic securities, a portion may be invested in foreign securities, which may be denominated in foreign currencies. The strategies may invest a portion of their total assets in below investment grade debt securities, commonly known as “high-yield” securities or “junk bonds.”

**Principal Investment Risks**
Credit Derivatives Risk; Debt Securities Risk; Derivatives Risk; Foreign Securities Risk; Futures and Options Risk; High-Yield/Junk Bond Risk; Liquidity Risk; Loan Risk; Management Risk; Mortgage- and Asset-backed Securities Risk; Mortgage Dollar Roll Risk; Portfolio Turnover Risk and When-Issued, TBA & Delayed-Delivery Securities Risk.

*INCORE Short Government*

INCORE Short Government seeks to provide high, reliable income by investing in securities backed 100% by the full faith and credit of the U.S. government. It primarily invests in securities issued by the U.S. government and its agencies or instrumentalities. Under normal circumstances, the strategy invests in mortgage-backed obligations and collateralized mortgage obligations (CMOs) issued by the Government National Mortgage Association (GNMA), with an average effective maturity ranging from 2 to 10 years and obligations issued or guaranteed by the U.S. government or by its agencies or instrumentalities with a dollar-weighted average maturity normally less than 5 years.

INCORE Short Government’s portfolio construction consists of three layers: (1) top-down, macro-economic driven, (2) mid-level, relative value driven and (3) bottom up, borrower characteristics driven. The greatest emphasis will generally be on the bottom up factor, but the relative weightings of the three layers can and will vary over time, reflective of the broad economic environment. The strategy may purchase or sell securities on a when-issued, to-be-announced or delayed delivery basis. There is no limitation on the maturity of any specific security, and the team may sell any security before it matures.

**Principal Investment Risks**
Mortgage- and Asset-backed Securities Risk; Liquidity Risk; Inflation Risk; Interest Rate Risk; Management Risk; Reinvestment Risk; U.S. Government Agency Obligations Risks; and When-Issued, TBA & Delayed-Delivery Securities Risk.

*Integrity Asset Management (“Integrity”)*

Integrity strategies invest primarily in equity securities of micro-, small-, small-/mid- or mid-capitalization companies. Integrity invests most of its assets in U.S. company securities, but may also invest in foreign securities.

Integrity focuses on stocks that are currently undervalued, yet poised to outperform. To identify these stocks, the Integrity investment team’s disciplined process seeks two key elements: prudent value and improving sentiment. Prudent value implies that a statistically cheap stock that is trading below the team’s estimate of its intrinsic value will deliver strong total return over time. The process also identifies catalysts that lead to improving investor sentiment. Ultimately, the strategy seeks to invest in the right company at the right price at the right time.
Integrity specifically searches for companies with profitable reinvestment opportunities or a willingness to return profits to shareholders. In addition, the team continuously evaluates factors such as the company’s economic value added, capital allocation discipline, and the impact of past management decisions. This is done to identify future opportunities or potential problems that may affect shareholder return potential. Integrity analyzes stocks for two elements with regards to valuation: statistical cheapness and intrinsic value. Valuation is conducted both on a universe basis for the entire group of micro-cap value stocks as well as the current portfolio and pipeline of new ideas. With regards to timing, the strategy’s investment team applies continuous and rigorous fundamental analysis and searches for a catalyst to indicate improving investor sentiment. Catalysts are typically company, industry, or macroeconomic developments that may include a new management team that has potential or a willingness to turn the company around, new product cycles, entrance into new markets or gains in market share, and acquisitions or divestures that create value.

**Principal Investment Risks**

- Equity Securities Risk
- Focused Investment/Financial Sector Risk
- Foreign Securities Risk
- Investment Style Risk
- IPO Risk
- Liquidity Risk
- Management Risk
- REIT Risk
- Smaller Companies Risk

**Munder Capital Management (“Munder”)**

Munder invests principally in equity securities of companies that span the market capitalization spectrum. Its strategies may invest in small-, mid-, and large-capitalization companies or in a blend of small-/mid-capitalization companies. Munder’s Focused Small-Mid Cap Strategy may hold a relatively small number of holdings.

Munder typically invests in securities of U.S. companies but may also invest in foreign securities. While Munder’s core strength is security selection, the team augments its bottom-up portfolio construction with robust risk controls to help reduce volatility and moderate sector, capitalization and style risk exposures and optimize risk-adjusted returns.

Munder employs both fundamental analysis and quantitative screening to identify potential investment candidates that the team believes are high-quality and have the potential for above-average earnings growth and improving business momentum. Investment candidates typically exhibit some or all of the following key criteria: higher than average earnings growth; consistency of earnings growth; valuation levels attractive relative to the market and the company’s growth rate; below-average debt level and quality, measured by leadership position in the company’s industry, proven operating earnings results and a highly regarded management team. Purchase and sale decisions are based on Munder’s careful consideration of the potential reward relative to risk of each security based on proprietary research (mosaic) and financial modeling.

**Principal Investment Risks**

- Equity Securities Risk
- Focused Investment/Information Technology Sector Risk
- Foreign Investments Risk
- Investment Style Risk
- Large Capitalization Stock Risk
- Limited Portfolio Risk
- Liquidity Risk
- Management Risk
- Mid Capitalization Stock Risk
- Portfolio Turnover Risk
- Smaller Companies Risk
NewBridge Asset Management ("NewBridge")

The NewBridge Large Cap Growth Strategy invests principally in equity securities of large market capitalization companies that have growth prospects supported by strong financial foundations, market leadership, and sound management teams. The strategy typically holds a limited number of U.S. securities, but may also invest in foreign securities. NewBridge searches for investment ideas across all sectors and industries, broadening the search for securities and allowing the team to draw comparisons of growth characteristics throughout the investment universe. The NewBridge team puts attractive ideas through fundamental analysis, leveraging experience and knowledge in helping to build and validate a thesis for each potential investment candidate. Ideas are then analyzed within the context of the portfolio’s risk profile and standards for diversification as it relates to sector and industry, emerging versus established growth, and cyclical versus secular growth.

Principal Investment Risks

Equity Securities Risk; Focused Investment/Information Technology Sector Risk; Investment Style Risk; Foreign Securities Risk; Large Capitalization Stock Risk; Limited Portfolio Risk and Management Risk.

RS Investments - Value Team (“RS Value”)

RS Value invests primarily in equity securities of small-, mid-, and large-capitalization companies that it believes are undervalued. RS Value typically invests in equity securities of U.S. companies but may also invest in foreign securities. The RS Large Cap Value, RS Mid Cap Value, and RS Small Cap Value Strategies will likely hold a more limited number of securities than many other strategies. The RS Concentrated All Cap Value Strategy is concentrated and expects to hold a larger portion of its assets in a smaller number of issuers.

In evaluating investments, RS Value conducts fundamental research to identify companies with improving returns on invested capital. RS Value’s research efforts seek to identify the primary economic and value drivers for each company. Research focuses on a company’s capital deployment strategy, including decisions about capital expenditures, acquisitions, cost-saving initiatives, and share repurchase/dividend plans, as the adviser seeks to understand how returns on invested capital may improve over time. Valuation is considered an important part of the process. RS Value seeks to invest in companies based on its assessment of risk (the possibility of permanent capital impairment) and reward (the future value of the enterprise).

Principal Investment Risks

**RS Large Cap Value Strategy**: Cash Position Risk; Equity Securities Risk; Focused Investment Risk; Foreign Securities Risk; Investment Style Risk; Large Capitalization Stock Risk; Limited Portfolio Risk; Management Risk; and Portfolio Turnover Risk

**RS Mid Cap Value, and RS Small Cap Value Strategies**: Cash Position Risk; Equity Securities Risk; Focused Investment Risk; Foreign Securities Risk; Investment Style Risk; Limited Portfolio Risk; Liquidity Risk; Management Risk; Mid Capitalization Stock Risk Portfolio Turnover Risk; Smaller Companies Risk.
RS Investments – Growth Team (“RS Growth”)

RS Growth invests primarily in equity securities of small-, mid-, and large-capitalization companies. The RS Small Cap Growth, RS Mid Cap Growth, RS Small/Mid Cap Growth, and RS Large Cap Growth Strategies typically invest in securities of U.S. companies but may also invest in foreign securities. The RS Science and Technology Strategy invests primarily in equity securities of science and/or technology companies and may invest in companies of any size. The strategy typically invests in securities of U.S. companies but may also invest in foreign securities. A particular company will be considered to be a science or technology company if RS Growth determines that it applies scientific or technological developments or discoveries to grow its business or increase its competitive advantage. Science and technology companies may also include companies whose products, processes or services, in the opinion of RS Growth, are being, or are expected to be, significantly benefited by the use or commercial application of scientific or technological developments or discoveries.

RS Growth employs both fundamental analysis and quantitative screening in seeking to identify companies it believes will produce sustainable earnings growth over a multi-year horizon. Investment candidates typically exhibit some or all of the following key criteria: strong organic revenue growth, expanding margins and profitability, innovative products or services, defensible competitive advantages, growing market share, and experienced management teams. Valuation is an integral part of the investment process and purchase decisions are based on RS Growth’s expectation of the potential reward relative to risk of each security based in part on its proprietary earnings calculations.

Principal Investment Risks
RS Large Cap Growth Strategy: Cash Position Risk; Equity Securities Risk; Focused Investment Risk; Foreign Securities Risk; Investment Style Risk; Large Capitalization Stock Risk; Limited Portfolio Risk; Management Risk; Mid Capitalization Stock Risk; and Portfolio Turnover Risk.

RS Small Cap Growth, RS Mid Cap Growth, and RS Small/Mid Cap Growth Strategies: Cash Position Risk; Equity Securities Risk; Focused Investment Risk; Foreign Securities Risk; Investment Style Risk; IPO Risk; Large Capitalization Stock Risk; Limited Portfolio Risk; Liquidity Risk; Management Risk; Mid Capitalization Stock Risks; Portfolio Turnover Risk; and Smaller Companies Risk.

RS Science and Technology Strategy: Cash Position Risk; Equity Securities Risk; Foreign Securities Risk; Investment Style Risk; Large Capitalization Stock Risks; Liquidity Risk; Management Risk; Risk; Portfolio Turnover Risk; Science and Technology Investment Risk; and Smaller Companies Risk.

RS Investments – Developed Markets Team (“RS Developed Markets”)

RS Developed Markets employs both fundamental analysis and a data-driven approach in seeking to identify companies across the market capitalization spectrum that it believes can sustain long-term growth. Valuation is also an integral part of the investment process. RS Developed Markets seeks to identify companies that it believes possess strong earnings quality, operational efficiency, sound management, favorable growth characteristics, attractive valuations, and that enjoy favorable market sentiment. RS Developed Markets monitors macroeconomic and political trends, as well as risk exposures, as part of the overall investment process.
The RS Global Strategy primarily invests in securities issued by companies of any size wherever they may be in the world. The Strategy will typically invest in companies located in at least three different countries including the United States with 40% or more of its total assets in securities of non-U.S. companies. The Strategy may invest any portion of its assets in companies located in emerging markets.

The RS International Strategy invests in securities issued by (1) companies organized, domiciled, or with a principal office outside of the United States, (2) companies which primarily trade in a market located outside of the United States, or (3) companies which do a substantial amount of business outside of the United States, which RS Developed considers to be companies that derive at least 50% of their revenue or profits from business outside the United States or have at least 50% of their sales or assets outside the United States.

Investments are not typically focused in a particular industry or country. A significant part of the RS International Strategy’s assets will normally be divided among continental Europe, the United Kingdom, Japan, and Asia/Pacific region (including Australia and New Zealand). The RS International Strategy may invest any portion of its assets in companies located in emerging markets.

**Principal Investment Risks**
Cash Position Risk; Equity Securities Risk; Foreign Securities Risk; Management Risk; Emerging Market Risk; Large Capitalization Stock Risk; Liquidity Risk; Portfolio Turnover Risk; and Smaller Companies Risk.

**Sophus Capital (“Sophus”)**

The Sophus Emerging Markets Strategy invests in securities of emerging market companies of any size and the Sophus Emerging Markets Small Cap Strategy invests in securities issued by small-capitalization emerging market companies. An emerging market country is generally defined as a country (1) that is included in the MSCI emerging market indices or the MSCI frontier market indices, (2) whose economy or markets are classified by the International Finance Corporation and the World Bank to be emerging or developing, (3) classified by the United Nations as developing or any country, and (4) that has economies, industries, and stock markets with similar characteristics. An emerging market company is generally defined as a company (1) that is organized under the laws of, or has its principal office in, an emerging market country; (2) that derives 50% or more of its revenue from goods produced, services performed, or sales made in emerging market countries; or (3) for which the principal securities market is located in an emerging market country.

Sophus employs both fundamental analysis and quantitative screening in seeking to identify companies that it believes can sustain above-average earnings growth relative to their peers. Valuation is an integral part of the process. Fundamental, bottom-up research focuses on companies that rank highly within the quantitative screen, with particular emphasis placed on a company’s earnings growth, business strategy, value creation, competitive position, management quality, market position, and political and economic backdrop. Sophus monitors market and sovereign risk as part of the overall investment process.
Principal Investment Risks
Cash Position Risk; Equity Securities Risk; Emerging Market Risk; Foreign Securities Risk; Large Capitalization Stock Risk; Liquidity Risk; Management Risk; Portfolio Turnover Risk; and Smaller Companies Risk.

Sycamore Capital ("Sycamore")

Sycamore invests principally in equity securities of small-capitalization and/or mid-capitalization companies, primarily in securities of U.S. companies but may also invest in foreign companies through the use of American Depositary Receipts (ADRs).

Sycamore employs a bottom-up, fundamental investment approach to build a diversified portfolio of companies that it believes are undervalued and offer an asymmetrical risk/reward profile. In building portfolios, Sycamore identifies companies that it believes to possess each of the following attributes: better business with a sustainable model and above-average financial strength; a dislocation in value between the current market price and the team’s estimate of intrinsic value and fundamental drivers that will narrow the valuation gap. Sycamore believes that companies that possess all three attributes offer the greatest downside protection without sacrificing the upside potential. By adhering to a disciplined process, the strategy’s objective is to deliver attractive returns with lower risk and volatility over the long-term.

Principal Investment Risks
Equity Securities Risk; Focused Investment Risk; Foreign Securities Risk; Investment Style Risk; Liquidity Risk; Management Risk; Mid Capitalization Stock Risk; and Smaller Companies Risk.

Trivalent Investments ("Trivalent")

The Trivalent International Small Cap Equity Strategy seeks to provide long-term growth of capital by investing primarily in equity securities of companies in countries represented in the S&P Developed ex-US Small Cap Index.

The Trivalent International Core Equity Strategy seeks to provide long-term growth of capital by investing primarily in equity securities of companies in countries represented in the MSCI EAFE Index.

The Trivalent International ACWI-ex US Equity Strategy seeks to provide long-term growth of capital by investing primarily in equity securities of companies in countries represented in the MSCI ACWI (All Country World Index) ex USA Index, but may also invest in companies from other countries. There is no limit on the market capitalization in which the strategy may invest; therefore, equity investments may include small, mid- and large market capitalization companies.

The Trivalent Emerging Markets Core Equity Strategy team seeks to provide long-term growth of capital by investing primarily in equity securities of companies in countries represented in the MSCI Emerging Markets Index.

The Trivalent Emerging Markets Small Cap Equity Strategy seeks to provide long-term growth of capital by investing primarily in equity securities of companies in countries represented in the S&P Emerging Plus Small Cap Index.
The Trivalent International Large Cap Select Equity Strategy seeks to provide long-term growth of capital by investing primarily in equity securities of companies in countries represented in the MSCI ACWI (All Country World Index) ex USA Index, but may also invest in companies from other countries. There is no limit on the market capitalization in which the strategy may invest; therefore, equity investments may include small, mid- and large market capitalization companies. The select portfolio will typically hold 60 to 80 stocks.

Trivalent selects stocks by using a blend of fundamental research and quantitative analysis, focusing on quality companies that exhibit positive business momentum and favorable valuations relative to peers. The stock selection process is designed to produce a diversified portfolio that, relative to the applicable index, tends to have a below-average price-to-earnings ratio, an above-average return on invested capital and an above-average earnings growth trend. Trivalent’s risk controls are designed to reduce unintended risks while highlighting security selection as a key part of the portfolio construction process. As a result, Trivalent’s investment allocation to countries and sectors tends to closely approximate the country and sector allocations of the applicable index.

Principal Investment Risks
Derivatives Risk; Emerging Markets Risk; Equity Securities Risk; Foreign Securities Risk; Futures and Options Risk; Geographic Focus Risk; Investment Style Risk; Liquidity Risk; Management Risk; Portfolio Turnover Risk; and Smaller Companies Risk.

Solutions Platform

Victory Capital’s Solutions Platform consists of investment solutions strategies that are primarily rules-based. The platform offers these strategies through a variety of vehicles, including separate accounts, mutual funds, index licenses and VictoryShares ETFs. The rules-based strategies offered by the Solutions Platform may incorporate elements of the strategies managed by one or more investment franchises across asset classes and can include customized solutions designed to meet individual client needs. Victory Capital’s Solutions Platform also offers custom solution strategies to clients that may not be rules-based, leveraging quantitative, multi-asset and at times multi-franchise capabilities. As with Victory Capital’s investment franchises, the Solutions Platform is operationally integrated and supported by centralized distribution, marketing and operational support functions.

Victory Capital’s rules-based strategies (each an “Index”) include Volatility Weighted Indexes (“Volatility Indexes”), a family of proprietary indices that combine fundamental criteria with individual security risk control achieved through volatility weighting of individual securities. These strategies may serve as the foundation for separately managed accounts or Victory Capital-sponsored or third-party sponsored pooled vehicles (pursuant to licensing agreements). The Indexes cover all market capitalizations of U.S, developed non-U.S. and emerging markets. The Volatility Index methodology is patent pending (Application No. 61/645,370).

Indexes are rebalanced periodically in accordance with a set schedule. In conjunction with each rebalancing date, an Index’s rules are applied to its universe of publicly traded securities in order to determine which securities are eligible for inclusion in the Index. New securities are added to the Index only on rebalancing dates or due to corporate actions and only securities that comply with the Index methodology are eligible to be included in an Index. Securities that no longer meet eligibility for an Index on the rebalance date are omitted. Index maintenance occurs throughout the year and includes monitoring and adjusting an Index for company additions and deletions,
stock splits, corporate restructurings and other corporate actions. Corporate actions are generally implemented after the close of trading on the day prior to the ex-date of such corporate actions. A security also may be removed from an Index in between rebalancing dates if it no longer represents an investable asset due to legal constraints or other independent factors. In response to market conditions that occur between rebalancing dates, an Index’s country and sector weights may fluctuate above or below a specified cap between annual Index screening dates.

Some of the Volatility Indexes employ a defensive “Long/Cash” strategy, which is designed to reduce exposure to equities during periods when markets are volatile. During periods of significant market decline, the Long/Cash CEMP Indexes will reduce exposure to the equity markets by allocating as much as 75% of the Index to 30-day Treasury bills during times when the stock markets are volatile and reinvest when market prices have rebounded or have further declined.

The Solutions Platform may advise pooled investment vehicles sponsored by Victory Capital or separate accounts that seeks to track an Index or it may license an Index for use by a third party. Victory Capital may also advise accounts that track an Index.

The Solutions Platform’s customized solutions include (1) completion portfolios designed to target specific risk and/or alpha targets and (2) hybrid solutions that combine the benefits of active security selection and rules based indexes to control risk, cost and potentially enhance efficiency. These solutions may be managed on a discretionary or non-discretionary basis or may be licensed to a third party for its use.

In addition to the principal investment risks identified below, see “Proprietary Indexes” in Item 10 for additional information about the calculation and maintenance of the Indexes utilized by the Solutions Platform.

Principal Investment Risks
Derivatives Risk; Emerging Markets Risk; Equity Securities Risk; Foreign Securities Risk; Futures and Options Risk; Geographic Focus Risk; Liquidity Risk; Passive Investing Risk; Sampling Risk; Smaller Companies Risk; Tracking Error Risk; and Underlying Investment Vehicle Risk.

Glossary of Risks

Cash Position Risk
Holding cash or cash equivalents, even strategically, may lead to missed investment opportunities. This is particularly true when the market for other investments in which a strategy may invest is rapidly rising. This could compromise the ability of the strategy to achieve its investment objective.

Convertible Debt Securities Risk
The values of convertible debt in which a strategy may invest may be affected by market interest rates, reduction in credit quality or credit ratings, issuer default on interest and principal payments, and declines in the value of the underlying common stock. Additionally, an issuer may retain the right to buy back its convertible securities at a time and price unfavorable to the strategy.

Credit Derivatives Risk
A strategy may enter into credit derivatives, including credit default swaps and credit default index investments. A strategy may use these investments (1) as alternatives to direct long or short
investment in a particular security, (2) to adjust a strategy’s asset allocation or risk exposure, or (3) for hedging purposes. The use by a strategy of credit default swaps may have the effect of creating a short position in a security. These investments can create investment leverage and may create additional investment risks that may subject a strategy to greater volatility than investments in more traditional securities.

Debt Securities Risk
The value of a debt security or other income-producing security changes in response to various factors, including, for example, market-related factors (such as changes in interest rates or changes in the risk appetite of investors generally) and changes in the actual or perceived ability of the issuer (or of issuers generally) to meet its (or their) obligations. Other risks associated with debt securities include:

- **Inflation Risk**
  Inflation risk is the risk that inflation will erode the purchasing power of the cash flows generated by debt securities held by a strategy. Fixed-rate debt securities are more susceptible to this risk than floating-rate debt securities or equity securities that have a record of dividend growth.

- **Interest Rate Risk**
  Interest rate risk is the risk that the value of a security will decline if interest rates rise. When interest rates go up, the value of a debt security typically goes down. When interest rates go down the value of a debt security typically goes up. Generally, the market values of securities with longer maturities are more sensitive to changes in interest rates. In addition, during periods of increased market volatility, the market values of fixed income securities may be more sensitive to changes in interest rates. Interest rates may rise or the rate of inflation may increase, impacting the value of investments in fixed income securities. A debt issuer’s credit quality may be downgraded or an issuer may default. Interest rates may fluctuate due to changes in governmental fiscal policy initiatives and resulting market reaction to those initiatives.

- **Reinvestment Risk**
  Reinvestment risk is the risk that when interest rates are declining, the interest income and prepayments on a security the strategy receives will have to be reinvested at lower interest rates. Generally, interest rate risk and reinvestment risk tend to have offsetting effects, though not necessarily of the same magnitude.

- **Credit (or default) Risk**
  Credit (or default) risk is the risk that the issuer of a debt security will be unable to make timely payments of interest or principal. Credit risk is measured by nationally recognized statistical rating organizations, such as Standard & Poor’s, Fitch, Inc., and Moody’s Investor Service.

Derivatives Risk
Derivatives transactions can create investment leverage and may be highly volatile. It is possible that a derivative transaction will result in a loss greater than the principal amount invested, and a strategy may not be able to close out a derivative transaction at a favorable time or price. The counterparty to a derivatives contract may be unable or unwilling to make timely settlement payments, return the strategy’s margin, or otherwise honor its obligations.
Emerging Market Risk
All of the risks associated with investing in foreign securities are increased in connection with investments in securities associated with emerging markets. Countries in these markets are more likely to experience high levels of inflation, deflation or currency devaluation, which could also hurt their economies and securities markets. The risks of investing in these markets also include the risks of illiquidity, increased price volatility, less government regulation, less extensive and less frequent accounting, financial and other reporting requirements, risk of loss resulting from problems in share registration and custody, and the nationalization of foreign deposits or assets. In addition, countries in emerging markets are more likely to experience instability in their markets due to social and political changes.

Equity Securities Risk
The value of a company’s stock may decline in response to factors affecting that particular company or stock markets generally. For example, factors such as domestic and international economic growth and market conditions, interest rate levels and political events may affect the stock market.

Focused Investment Risk
Focusing investments in a particular market or economic sector (which may include issuers in a number of different industries) increases the risk of loss because the stocks of many or all of the companies in the market or sector may decline in value to developments adversely affecting the market or sector.

- **Financial Sector Risk**
  The values of companies in the financials sector are particularly vulnerable to economic downturns and changes in government regulation and interest rates.

- **Information Technology Sector Risk**
  The values of companies in the information technology sector are particularly vulnerable to economic downturns, short product cycles and aggressive pricing, market competition and changes in government regulation.

Foreign Securities Risk
Foreign securities including ADRs and other depositary receipts are subject to political, regulatory, and economic risks not present in domestic investments. Foreign securities generally experience more volatility than their domestic counterparts and could be affected by factors not present in the U.S., including expropriation, confiscation of property, and difficulties in enforcing contracts. Compared to U.S. companies, there generally is less publicly available information about foreign companies and there may be less governmental regulation and supervision of foreign companies. In addition, to the extent that investments are made in a limited number of countries, events in those countries will have a more significant impact on a strategy. Other risks associated with foreign securities include:

- **Political Risk**
  Foreign securities markets may be more volatile than their counterparts in the U.S. Investments in foreign countries could be affected by factors not present in the U.S., including expropriation, confiscation of property, and difficulties in enforcing contracts. Foreign settlement procedures may also involve additional risks.
- **Legal Risk**
  Legal remedies for investors in foreign countries may be more limited than the legal remedies available in the U.S.

- **Currency Risk**
  The value of foreign securities denominated in foreign currencies may be affected favorably or unfavorably by currency exchange rates, currency exchange control regulations, and restrictions or prohibitions on the repatriation of foreign currencies. To attempt to protect against changes in exchange rates, a strategy may, but will not necessarily, engage in forward foreign-currency exchange transactions, which may eliminate some or all of the benefit of an increase in the value of a foreign currency versus the U.S. dollar.

  See also Emerging Markets Risk.

**Futures and Options Risk**

A hedge created using futures or options contracts (or any derivative) does not, in fact, respond to economic or market conditions in the manner the investment team expected. The contract hedge may not generate gains sufficient to offset losses and may actually generate losses. There is no assurance that a strategy will engage in any hedging transactions. Futures contracts and options can also be used as a substitute for the securities to which they relate. Other risks of investing in futures and options involves the risk that a strategy will be unable to sell the derivative because of an illiquid secondary market; the risk the counterparty is unwilling or unable to meet its obligation; and the risk that the derivative transaction could expose the strategy to the effects of leverage, which could increase the strategy’s exposure to the market and magnify potential losses.

**Geographic Focus Risk**

A strategy may invest a substantial portion of its assets within one or more countries or geographic regions. When a strategy focuses its investments in a country or countries, it is particularly susceptible to the impact of market, economic, political, regulatory and other factors affecting those countries. Additionally, a strategy’s performance may be more volatile when the strategy’s investments are focused in a country or countries.

**High-Yield/Junk Bond Risk**

Lower quality debt securities can involve a substantially greater risk of default than higher quality debt securities, and their values can decline significantly over short periods of time. Lower quality debt securities tend to be more sensitive to adverse news about the issuer, or the market or economy in general.

**Investment Style Risk**

Different types of investment styles, for example growth or value, tend to perform differently and shift into and out of favor with investors depending on changes in market and economic sentiment and conditions. As a result, the Fund’s performance may at times be worse than the performance of other mutual funds that invest more broadly or that have different investment styles. Growth securities may be more volatile than other stocks, causing greater fluctuations in value. A value stock’s intrinsic value many never be fully recognized by the market or its price may decline.

**IPO Risk**
Investments in IPOs may result in increased transaction costs and expenses and the realization of short-term capital gains and distributions. In addition, in the period immediately following an IPO, investments may be subject to more extreme price volatility than that of other equity investments. A strategy may lose all or part of its investments if the companies making their IPOs fail and their product lines fail to achieve an adequate level of market recognition or acceptance.

Large Capitalization Stock Risk
The securities of large cap companies may underperform the securities of smaller cap companies or the market as a whole. The growth rate of larger, more established companies may lag those of smaller companies, especially during periods of economic expansion.

Limited Portfolio Risk
To the extent a strategy invests its assets in a limited number of issuers than many other strategies, a decline in the market value of a particular security held by the strategy may affect its value more than if it invested in a larger number of issuers.

Liquidity Risk
Lack of a ready market or restrictions on resale may limit the ability of a strategy to sell a security at an advantageous time or price. Adverse market or economic conditions may adversely affect the liquidity of a strategy's investments. In addition, a strategy, by itself or together with other accounts managed by its adviser or sub-adviser, as the case may be, may hold a position in a security that is large relative to the typical trading volume for that security, which can make it difficult for the strategy to dispose of the position at an advantageous time or price. Illiquid securities and relatively less liquid securities may also be difficult to value. Over recent years, the capacity of dealers to make markets in fixed income securities has been outpaced by the growth in the size of the fixed income markets. Liquidity risk may be magnified in a rising interest rate environment or when investor redemptions from fixed income funds may be higher than normal, due to the increased supply in the market that would result from selling activity.

Loan Risk
Investments in loans are generally subject to the same risks as investments in other types of debt securities, including, in many cases, investments in below investment-grade bonds. They may be difficult to value and may be illiquid. If a strategy holds a loan through another financial institution, or relies on a financial institution to administer the loan, its receipt of principal and interest on the loan may be subject to the credit risk of that financial institution. It is possible that any collateral securing a loan may be insufficient or unavailable to the strategy, and that a strategy's rights to collateral may be limited by bankruptcy or insolvency laws. There may be limited public information available regarding the loan. Transactions in loans may settle on a delayed basis, and the strategy may not receive the proceeds from the sale of a loan for a substantial period of time after the sale.

Management Risk
An investment team's investment process may produce incorrect judgments about the value of a particular asset and may not produce the desired results.

Mid Capitalization Stock Risk
Mid-sized companies may be subject to a number of risks not associated with larger, more established companies, potentially making their stock prices more volatile and increasing the risk of loss.
Mortgage- and Asset-Backed Securities Risk

During periods of falling interest rates, mortgage- and asset-backed securities may be called or prepaid, which may result in a strategy having to reinvest proceeds in other investments at a lower interest rate. During periods of rising interest rates, the average life of mortgage- and asset-backed securities may extend, which may lock in a below-market interest rate, increase the security’s duration, and reduce the value of the security. Enforcing rights against the underlying assets or collateral may be difficult, or the underlying assets or collateral may be insufficient if the issuer defaults. Other risks associated with mortgage- and asset-backed securities include:

- **Extension Risk**
  Extension risk is the risk that the rate of anticipated prepayments on principal may not occur, typically because of a rise in interest rates, and the expected maturity of the security will increase. During periods of rapidly rising interest rates, the effective average maturity of a security may be extended past what the investment team anticipated that it would be. The market value of securities with longer maturities tends to be more volatile.

- **Prepayment Risk**
  Because prepayments generally occur when interest rates are falling, a strategy may have to reinvest the proceeds from prepayments at lower interest rates. Interest rate levels and other factors may affect the frequency of mortgage prepayments, which in turn can affect the average life a pool of mortgage-related securities. In periods of falling interest rates, the prepayment rate tends to increase, shortening the average life of a pool of mortgage-related securities.

Mortgage Dollar Roll Risk

The use of dollar rolls can increase the volatility of a strategy’s investments, and it may adversely impact performance unless the investment team correctly predicts mortgage prepayments and interest rates. Since the counterparty in the transaction is required to deliver a similar, but not identical, security, the security that the strategy is required to buy under the dollar roll may be worth less than an identical security. The use of cash received from a dollar roll may not provide a return that exceeds the borrowing costs. In addition, investment in mortgage dollar rolls may significantly increase a strategy’s portfolio turnover rate, which can increase the strategy’s expenses and decrease returns.

Participation Note Risk

Investing in participation notes involves the same risks associated with a direct investment in the shares of the companies the notes seek to replicate. However, the performance results of participation notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses. In addition, participation notes are subject to counterparty risks. Participation notes may be considered illiquid.

Passive Investment Risk

For passively managed index strategies, portfolio managers do not buy or sell shares of a security based on current or projected performance of a security, industry or sector unless that security is added to or removed from the index in accordance with the investment franchise’s methodology. A strategy designed to track an index is not actively managed and does not, therefore, seek returns in excess of the index. An index strategy may not be able to effectively track the performance of its index. Errors in an index as to the quality, accuracy and completeness of the underlying data used to compile the index may occur from time to time and may not be identified and corrected for a period of time, if at all.
Portfolio Turnover Risk
Portfolio turnover generally involves a number of direct and indirect costs and expenses, including, for example, dealer mark-ups and bid/asked spreads and transaction costs on the sale of securities and reinvestment in other securities. Such costs have the effect of reducing investment return. Such sales may result in the realization of taxable capital gains, including short-term capital gains, which are generally taxed at ordinary income tax rates.

REIT Risk
Investing in real estate investment trusts (“REITs”) involves many of the risks of investing directly in real estate such as declining real estate values, changing economic conditions and increasing interest rates. REITs can entail additional risks because REITs depend on specialized management skills, may invest in a limited number of properties and may concentrate in a particular region or property type.

Sampling Risk
A passively managed strategy may use a representative sampling approach, which could result in its holding a smaller number of securities than are in the index. As a result, an adverse development with an issuer of securities held by the strategy could result in a greater decline in NAV than would be the case if it held all of the securities of the Index.

Science and Technology Investment Risk
Investments in science and technology companies may be highly volatile. Their values may be adversely affected by such factors as, for example, rapid technological change, changes in management personnel, changes in the competitive environment, and changes in investor sentiment. Many science and technology companies are small or mid-sized companies and may be newly organized.

Smaller Companies Risk
Smaller-capitalization companies often have more limited managerial and financial resources than larger, more established companies and, therefore, may be more susceptible to market downturns or changing economic conditions. Prices of small- and mid-cap companies tend to be more volatile than those of larger companies and small issuers may be subject to greater degrees of changes in their earnings and prospects. Since smaller company stocks typically have narrower markets and are traded in lower volumes than larger company stocks, they are often more difficult to sell.

Synthetic Convertible Securities Risk
Synthetic convertible securities risk is the risk that the value of a synthetic convertible security will respond differently to market fluctuations than a convertible security because a synthetic convertible security is composed of two or more separate securities, each with its own market value. Additionally, if the value of the underlying common stock or the level of the index involved in the convertible security falls below the exercise price of the warrant or option, the warrant or option may lose all value. Synthetic convertible securities are also subject to counterparty risk.

Tracking Risk
The return of a passively managed strategy may not match the return of the index for a number of reasons, including: the strategy incurs operating expenses not applicable to the index, and incurs costs in buying and selling securities; the strategy may not be fully invested at times;
differences in the valuation of securities and differences between the strategy's portfolio and the index resulting from legal restrictions, cost or liquidity constraints.

**Underlying Investment Vehicle Risk**
An investment company or similar vehicle (including an ETF) in which a strategy invests may not achieve its investment objective. Underlying investment vehicles are subject to investment advisory and other expenses, which will be indirectly paid by the strategy.

**U.S. Government Agency Obligations Risk**
A U.S. government agency or instrumentality may default on its obligation and the U.S. government may not provide support. Some securities issued by certain U.S. government instrumentalities are supported only by the credit of those instrumentalities.

**When-issued, TBA and Delayed-Delivery Securities Risk**
The market value of the security issued on a when-issued, TBA or delayed-delivery basis may change before delivery date. There is also the risk that a party fails to deliver the security on time or at all.

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**Certain Risks Associated with Cybersecurity**
Investment advisers such as Victory Capital must rely in part on digital and network technologies to maintain substantial computerized data about activities for client accounts and otherwise conduct their businesses. Like all businesses that use computerized data, Victory Capital and the cyber networks it uses might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of confidential computerized data or client data to unintended parties, or the intentional misappropriation or destruction of data by malicious hackers mounting an attack on computer systems. Victory Capital maintains an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of its internal data, and takes other reasonable precautions to limit the potential for cybersecurity incidents, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction. Nevertheless, despite reasonable precautions, the risk remains that cybersecurity incidents could potentially occur, might in some circumstances result in unauthorized access to sensitive information about Victory Capital or its clients, and might cause damage to client accounts or Victory Capital’s activities for clients.
ITEM 9: DISCIPLINARY INFORMATION

Victory Capital has not been subject to any legal or disciplinary events that it believes are material to a client’s or prospective client’s evaluation of its business or the integrity of its management.
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

BROKER-DEALER

Victory Capital is not a registered broker-dealer; however, some of Victory Capital’s management persons are registered with the Financial Industry Regulatory Authority, Inc. (“FINRA”) as representatives of Victory Capital Advisers, Inc. (“VCA”), an affiliate of Victory Capital and a limited purpose broker-dealer and distributor of the Victory Funds.

FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR, OR COMMODITY TRADING ADVISOR

Victory Capital is registered with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator. Victory Capital is not registered as a commodity trading adviser with the CFTC. In addition, Victory Capital has several employees who are registered with the National Futures Association (“NFA”) as Principals or Associated Persons (as defined by the NFA).

MATERIAL RELATIONSHIPS OR ARRANGEMENTS WITH CERTAIN RELATED PERSONS

VCA is an affiliated, limited purpose broker-dealer that is the distributor for the Victory Funds. Victory Capital does not execute any securities trades on behalf of client accounts through VCA.

Victory Capital provides continuous investment management services to the Victory Funds. As discussed previously, a conflict of interest may occur if Victory Capital is incentivized to invest client assets in the Victory Funds. Although Victory Capital does not believe that its relationship with the Victory Funds creates any material conflicts of interest, it recognizes potential exists for such conflict. Consequently, Victory Capital and the Victory Funds have policies and procedures that are designed to identify and prevent such conflicts. Victory Capital’s Legal, Compliance and Risk department regularly monitors for compliance with those policies and procedures (for more information, see Item 11 herein).

OTHER INVESTMENT ADVISERS

RS Investments (UK) Limited, RS Investment Management (Singapore) Pte. Ltd., and RS Investments (Hong Kong) Limited, wholly-owned subsidiaries of Victory Capital, are non-U.S. investment advisers (“Non-U.S. Advisers”). In rendering investment advisory services to its clients, including mutual funds, Victory Capital uses the resources of the Non-U.S. Advisers to provide discretionary or non-discretionary investment advice, research, analysis, or such other investment-related activities as Victory Capital may request or instruct from time to time. Each of the Non-U.S. Advisers is a “Participating Affiliate” of Victory Capital as that term is used in relief granted by the staff of the SEC allowing U.S. registered advisers to use investment advisory and trading resources of unregistered advisory affiliates subject to the regulatory supervision of the registered adviser. Each Participating Affiliate and any of its respective employees who assist Victory Capital as described above is considered to be an “associated person” of Victory Capital as that term is defined in the Advisers Act for purposes of Victory Capital’s required supervision. The Participating Affiliates have agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services they provide for any Victory Capital clients. Please see
Appendix A for the names and biographical information of the employees from each Participating Affiliate who is deemed to be an “associated person” of Victory Capital.

Victory Capital owns a minority interest in Cerebellum Capital, LLC, the parent company of Cerebellum GP, LLC (“Cerebellum”), a registered investment adviser that acts as the sole general partner and provides investment advisory services to pooled investment vehicles structured as limited partnerships (the “Cerebellum Funds”). Cerebellum may also have different types of clients, including separate accounts. In connection with its investment in Cerebellum, Victory Capital’s CEO joined as a member of the Cerebellum Board of Directors. Victory Capital may assist Cerebellum with marketing, sales and distribution activities and may also utilize Cerebellum’s machine learning capabilities. While Victory Capital does not typically recommend other investment advisers to its clients, Victory Capital and its related persons may introduce clients interested in machine learning or the Cerebellum Funds to Cerebellum. Further, Victory Capital may have discretionary authority to cause clients to invest in the Cerebellum Funds. As a result of Victory Capital’s investment in Cerebellum Capital, LLC, Victory Capital and its related persons may be directly or indirectly benefitted by the engagement of Cerebellum by clients or investments by clients in the Cerebellum Funds. Victory Capital and its related persons also may have material ownership interests in the Cerebellum Funds and may benefit as a result of investments in the Cerebellum Funds made by Victory Capital clients. Victory Capital and its related persons may invest in the Cerebellum Funds on terms different from, and more favorable than, those available to Victory Capital clients. To address these conflicts, Victory Capital has adopted a Code of Ethics that is designed to mitigate these conflicts of interest. The Victory Capital Code of Ethics requires employees to place their clients’ interests ahead of their own (for more information, see Item 11 herein).

Victory Capital engages other investment advisors to perform sub-advisory services for certain Victory Funds. For example, Park Avenue Institutional Advisers LLC is the sub-adviser to Victory High Yield Fund, Victory High Yield VIP Series, Victory Tax-Exempt Fund, Victory High Income Municipal Bond Fund, Victory Floating Rate Fund, and Victory Strategic Income Fund; and SailingStone Capital Partners LLC is the sub-adviser to Victory Global Natural Resources Fund.

PROPRIETARY ACCOUNTS

Potential conflicts of interest are raised when Victory Capital manages accounts in which Victory Capital and its employees own collectively 25% or more of the account (“proprietary accounts”). When making investment decisions and in allocating investment opportunities, Victory Capital may have an incentive to favor proprietary accounts over other client accounts in trade execution or investment allocation. At times, Victory Capital or its employees may provide the initial seed capital to fund new products or funds; thus, the aforementioned incentive could exist when employees hold a personal interest in certain products or funds.

Victory Capital has adopted policies and procedures and a Code of Ethics that are designed to mitigate these conflicts of interest. The Victory Capital Code of Ethics requires employees to place their clients’ interests ahead of their own (for more information, see Item 11 herein). These potential conflicts are also addressed in the trade aggregation and allocation policies and procedures (for more information, please see Item 12 herein). Victory Capital’s procedures do not permit ownership of the account to be taken into consideration in connection with the allocation of investment opportunities. Victory Capital regularly reviews trades for consistency with Victory Capital’s allocation procedures.
PROPRIETARY INDEXES

Through its Solutions Platform, Victory Capital creates and maintains certain proprietary indexes and has co-created other indexes that are maintained exclusively by a third party and licensed to Victory Capital for its use. In each case, Victory Capital has engaged one or more independent third-parties to calculate and publish these indexes (a third party that maintains, calculates and/or publishes an Index is referred to as a "Calculation Agent").

The Indexes are unmanaged and investors are not able to invest directly in any index. Index performance prior to the first publish date has been back-tested applying the same methodology that was in effect for the Index when the Index was first published and is considered hypothetical.

Victory Capital does not make any representation or warranty, express or implied, to its clients or any member of the public regarding the advisability of investing in securities generally or the ability of the Indexes to track general stock market performance. Except in the case of certain custom Indexes, Victory Capital has no obligation to take the needs of a particular investor or group of investors into consideration in determining, composing, or calculating an Index. Neither Victory Capital nor the Calculation Agent guarantees the accuracy, completeness, or performance of any Index or the data included therein and shall have no liability in connection with any Index or Index calculation. Errors made by Victory Capital or the Calculation Agent with respect to the quality, accuracy and completeness of the data within an Index may occur from time to time and may not be identified and corrected for a period of time, if at all. Gains, losses or costs associated with errors would be borne by the client.

To the extent separate accounts, mutual funds, ETFs or other products seek to track the performance of any of the proprietary indexes, there is a potential for conflicts of interests. Potential conflicts include the possibility of misuse or improper dissemination of non-public information about contemplated changes to the composition of an Index, such as using information about changes to the Index to trade in a personal account, unauthorized access to Index information, and allowing Index or methodology changes in order to benefit Victory Capital or other accounts managed by it. However, Victory Capital believes it has adopted policies and procedures to help protect against these conflicts, including implementing information barriers and documentation of Index changes as well as restrictions on personal trading.
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Victory Capital has adopted the Victory Capital Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act. The Code is designed to ensure that Victory Capital employees comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code imposes certain restrictions on securities transactions in the personal accounts of employees to help to limit the effect of any conflicts of interest that may exist between Victory Capital's clients and Victory Capital employees. A copy of the Code is available free of charge to any client or prospective client upon request or it may be obtained at http://www.vcm.com/policies.

The Code applies to all employees of Victory Capital or anyone deemed an access person by the Chief Compliance Officer (an “Access Person”). All Victory Capital employees are required to comply with the Code’s terms as a condition of continued employment and must read and certify to their compliance with its terms annually. The Code requires all Access Persons to place the interests of Victory Capital clients ahead of their own interests at all times and to avoid any actual or potential conflicts of interest. All actual or potential conflicts of interest must be disclosed to the Compliance, Risk and Legal department, including those resulting from an employee’s business or personal relationships with customers, suppliers, business associates, or competitors of Victory Capital. The Code contains policies and procedures relating to, among other things:

- Personal trading, including reporting and pre-clearance requirements for all Access Persons

- Conflicts of interest, including policies relating to restrictions on trading in securities of clients and suppliers, gifts and entertainment, political contributions and outside business activities

In general, the Code requires Access Persons to disclose any personal trading accounts within 10 calendar days after becoming subject to the Code. Access Persons must report their holdings of reportable securities (as defined below) and any broker, dealer or bank account that holds such reportable securities. All trades in reportable securities for personal accounts must be pre-cleared and are monitored by compliance personnel. A “reportable security” is any security in which an Access Person has a beneficial interest and is not (1) a direct obligation of the U.S. government, (2) bankers’ acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; (3) shares issued by money market funds; and (4) investments in qualified tuition programs (for example, 529 Plans).

Furthermore, in order to limit the effect of any conflicts of interest that may exist between securities trading in personal accounts and clients’ best interests, the Code establishes a blackout period (as described below), which requires a short-term holding period and limits the number of personal trades that may be made.

Subject to limited exceptions, Access Persons may not purchase or sell, directly or indirectly, any reportable security within seven (7) calendar days before or three (3) calendar days after a Victory Capital client has a buy or sell in that same security (the “blackout period”). In relation to proprietary indexes, a longer blackout period may be established for the Solutions Platform team and other Victory Capital employees who have access to rebalance trade information relating to the rebalancing of a proprietary index (an “Index Access Person”). Such Index Access Persons
may not purchase or sell equities in their personal accounts during index blackout periods, but may trade other securities, including open-end mutual funds and ETFs for which Victory Capital does not act as adviser or sub-adviser.

The Code also limits personal trading in reportable securities (and the potential for conflicts) by requiring Access Persons to hold purchases of reportable securities for period of at least 60 calendar days and limiting the number of trades in reportable securities to 20 per calendar quarter.

Victory Capital and its related persons may recommend that clients purchase securities in which Victory Capital or its related persons have a material financial interest. As a result, Victory Capital and its related persons may be directly or indirectly benefitted as a result of investments by clients in those securities. For example, Victory Capital may have discretionary authority to cause clients to invest in the Victory Funds. Victory Capital will benefit if clients invest in the Victory Funds because Victory Capital receives asset-based advisory fees from the Victory Funds. Victory Capital and its related persons also may have material ownership interests in the Victory Funds and may benefit as a result of investments in the Victory Funds made by Victory Capital clients. In addition, Victory Capital and its related persons also may have material ownership interests in the Cerebellum Funds or the Victory UCITS and may benefit as a result of investments in the Cerebellum Funds or the Victory UCITS made by Victory Capital clients. Victory Capital and its related persons may purchase or otherwise acquire securities in which Victory Capital and its related persons have a material financial interest on terms different from, and more favorable than, those available to Victory Capital clients. Victory Capital, when making investment decisions, may have an incentive to favor accounts in which it or its related persons have material financial interests. To address these conflicts, Victory Capital follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities (for more information, please see Item 6 and Item 12 herein).

Victory Capital and its related persons may invest in securities that it purchases for clients or that are already held by clients, and Victory Capital and its related persons may already own securities that are subsequently purchased for clients. The prices or terms on which Victory Capital and its related persons invest may be more favorable than the prices or terms on which a client may subsequently invest or previously have invested in such securities. Victory Capital and its related persons also may buy or sell a specific security for their own accounts that they do not buy or sell for clients. In addition, Victory Capital and its related persons, for themselves or their clients, may take a conflicting position in a security in which Victory Capital has invested client assets. For example, Victory Capital and its related persons, on behalf of themselves or their clients, may sell a security that a Victory Capital client continues to hold, or may buy a security that Victory Capital has sold for a client. This may be the case whether or not Victory Capital or its related persons are aware of such contrary positions. As described above, the Code and Victory Capital’s trade allocation procedures seek to limit the effects of conflicts that arise as a result of personal trading and promote fairness across client accounts.

As a publicly traded company with common stock listed on the NASDAQ Global Select Market, Victory Capital employees may own shares in our parent company’s stock but may not recommend or cause our clients to invest in our company stock. Additional personal trading restrictions in our company stock applies to covered persons as defined in the VCH Insider Trading Policy.

Victory Capital is committed to ensuring that any participation in the political process by its employees is consistent with solid corporate governance practices and in compliance with legal
requirements. Thus, the Code requires pre-approval of any political contributions to: (1) covered government officials (as defined below); (2) federal candidate campaigns and affiliated committees; (3) Political Action Committees (PACs) and Super PACs; and (4) non-profit organizations that may engage in political activities, such as 501(c)(4) and 501(c)(6) organizations. A “covered government official” means a state or local official, a candidate for state or local political office, or a federal candidate currently holding state or local office.

Further, Victory Capital’s gifts and entertainment policies and procedures are designed to avoid impropriety or the appearance of impropriety by its employees. Conflicts of interest may occur when one receives or provides gifts or entertainment. The Code requires disclosure of the receipt of gifts or provision of entertainment in excess of $50 to Victory Capital employees (or the giving of gifts or provision of entertainment in excess of $50 by Victory Capital employees, as the case may be) from (or to, as the case may be) present or prospective customers, suppliers or vendors with whom an employee maintains an actual or potential business relationship. Victory Capital employees are prohibited from receiving or giving cash or cash equivalents.

All employees of Victory Capital are required to disclose and have approved all outside business activities or other activities, such as holding a political office or any political appointments, service as a director on any other company, any other employment or any other outside business activity.
ITEM 12: BROKERAGE PRACTICES

FACTORS CONSIDERED IN SELECTING OR RECOMMENDING BROKERS-DEALERS FOR CLIENT TRANSACTIONS

Victory Capital selects brokers for the execution of transactions for client accounts in accordance with its best execution policies and procedures. In making a decision about best execution, Victory Capital considers a number of factors, including but not limited to:

- Best execution price
- Commissions charged
- Size and difficulty of the order
- Access to sources of supply or market
- Ability to commit capital
- Financial condition
- Integrity and reputation
- Execution and operational capabilities (for example, whether electronic trading is offered)
- Market knowledge
- Acceptable record keeping
- Timely delivery of and payment on trades
- Ability to handle block trades
- Quality of brokerage services and research materials
- Transaction Cost Analysis

“Best execution” is generally understood to mean the best overall qualitative execution, not necessarily the lowest possible commission cost. Such commissions vary among different broker-dealers, and a particular broker-dealer may charge different commissions according to such factors as the difficulty and size of the transaction and the volume of business transacted with the broker-dealer. Victory Capital may incur brokerage commissions in an amount higher than the lowest available rate based upon brokerage and research provided to Victory Capital. As discussed further below, Victory Capital believes that the continued receipt of supplemental investment services (such as research) from dealers is important to its provision of high-quality portfolio management services to its clients.

In seeking best execution, Victory Capital will generally solicit bids and offers from more than one broker-dealer. Victory Capital’s traders have the discretion to determine which broker-dealer will be used. The trading desk also negotiates any broker commissions, which are reviewed periodically for cost competitiveness and execution quality. “Commissions” includes a mark-up, mark-down, commission equivalent, or any other fee that is charged by a broker-dealer for executing transactions, and any amounts received from riskless principal transactions that are eligible for soft dollar credits under Section 28(e) of the Securities Exchange Act of 1934, as amended (“1934 Act”).

Victory Capital may also use an Electronic Communications Network (“ECN”) or Alternative Trading System (“ATS”) to effect certain trades such as over-the-counter trades when Victory Capital believes it will result in equal or more favorable execution overall. Victory Capital will pay a commission to an ECN or ATS that, when added to the price, is lower than the overall execution price that might have been attained trading with a traditional broker-dealer.
Clients often grant Victory Capital the authority to select the broker-dealer to be used for the purchase and sale of securities. When Victory Capital seeks best execution, it considers the aforementioned factors as well as research services that are provided in connection with “soft dollar” arrangements (explained in more detail below). When Victory Capital selects a broker-dealer, it does not consider a broker-dealer’s promotion or sales of shares of the Victory Funds or any other registered investment company, nor does it consider client referrals from a broker-dealer or third-party.

At times, Victory Capital may select a broker-dealer that charges a commission in excess of that which another broker-dealer might have charged for effecting the same transactions. Victory Capital is not obligated to choose the broker-dealer with the lowest available commission rate if, in Victory Capital’s reasonable judgment, the total cost or proceeds from the transactions may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service or research provided by another broker-dealer.

Victory Capital has implemented a series of internal controls and procedures to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, Victory Capital will obtain information as to the general level of commission rates being charged by the brokerage community, from time to time, and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. In determining the reasonableness of any particular commission, Victory Capital will only take into account any benefits that may be provided to its discretionary client accounts as a result of any research received. To the extent Victory Capital has been paying higher commission rates for its transactions, Victory Capital will determine if the quality of execution and the services provided by the broker-dealer justify these higher commissions. Victory Capital’s traders and the Trading Oversight Committee review and evaluate trade execution.

**RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

As noted above, Victory Capital’s primary objective in broker-dealer selection is to comply with its duty to obtain best execution of orders for clients. Best execution does not necessarily mean the lowest commission, but instead involves consideration of a number of factors (listed above).

One important factor is the quality and availability of useful research, execution-related products, and other services that a broker may provide in connection with executing trades. A broker-dealer may be paid with commission dollars ("soft dollars") in exchange for access to statistical information and research, which is offered without any commitment to engage in any specific business or transactions. Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only.

The products and services received through soft dollar transactions include investment advice (either directly or through publications or writings) as to the value of the securities, the advisability of investing in, purchasing or selling securities, the availability of securities or purchasers or sellers of securities, analyses and reports concerning issues, industries, economic factors and trends, portfolio strategy and the performance of accounts and access to company management. Victory Capital may use soft dollars to acquire proprietary or third-party research. Proprietary research is created and provided by the broker-dealer; third-party research is created by a third-party but provided by a broker-dealer.
To the extent that Victory Capital is able to obtain such products and services through the use of clients’ commission dollars, it reduces the need for Victory Capital to produce the same research internally or purchase through outside providers for hard dollars. Thus, these soft dollar products and services provide economic benefits to Victory Capital and its clients. Victory Capital may have an incentive to select a broker-dealer in order to receive such products and services whether or not the client receives best execution. However, Victory Capital may give trading preference to those broker-dealers that provide research products and services, either directly or indirectly, only so long as Victory Capital believes that the selection of a particular broker-dealer is consistent with its duty to seek best execution.

Victory Capital may also receive services which, based on their use, are only partially paid for through soft dollars (“mixed-use services”). When Victory Capital receives both administrative benefits and research and brokerage services from the services provided by brokers, Victory Capital makes a good faith determination of which portion of the service should be paid for with soft dollars and which portion should be paid for with hard dollars. Victory Capital pays in hard dollars for any administrative benefits it receives. There is a conflict of interest for Victory Capital when it assigns these values and may underestimate the value it should pay for the other services that should be paid in hard dollars by Victory Capital. Victory Capital retains records of these determinations and payments.

The research products and services provided by broker-dealers through soft dollar arrangements benefit other Victory Capital clients and may be used in formulating investment advice for any and all Victory Capital clients, including accounts other than those that paid commissions to the broker-dealer on a particular transaction. Nonetheless, not all research generated by a particular client’s trade will benefit that particular client’s account. In some instances, the other accounts benefited may include accounts for which the accounts’ owners have directed their portion of brokerage commissions to go to a particular broker-dealer other than those that provided the research products or services. However, research services obtained through soft dollar transactions may be used in advising all accounts, and not all such services would necessarily be used by Victory Capital in connection with the specific account that paid commissions to the broker-dealer that provided such services.

Victory Capital periodically reviews the past performance of broker-dealers in light of the factors discussed previously. The overall reasonableness of commissions paid is evaluated by reviewing what competing broker-dealers were willing to charge for similar types of services. The evaluation also considers the timeliness and accuracy of the research received.

Some clients may request that Victory Capital not generate soft dollar credits on trades for their accounts. Victory Capital may accommodate such requests, but trades for these clients may not experience lower transaction costs. In addition, the trading process for these clients may be adversely affected in other ways, including that the client may not participate in block orders with clients that have not made such a request, therefore the client is prevented from receiving the price and execution benefits of the block order. In addition, and as with other directed or customized brokerage accounts, the positions of these accounts in trade ordering and trade rotation may be impacted. Please see “Directed Brokerage” for more information on how customized brokerage arrangements may adversely impact trading results.

From time to time, Victory Capital may purchase new issues of securities for an account in a fixed price offering. In these situations, the seller may be a member of the selling group that will, in
addition to selling the securities to clients, provide Victory Capital with research. FINRA rules permit these types of arrangements under certain circumstances. Generally, the seller provides research “credits” at a rate that is higher than that which is available for typical secondary market transactions.

The use of soft dollars may create an incentive for Victory Capital to select or recommend a broker-dealer based on receiving such products or services, rather than most favorable execution for the client. Victory Capital’s Code of Ethics and other procedures are designed to mitigate the potential conflicts of interest that are raised with the use of soft dollars. In addition, Victory Capital’s Trading Oversight Committee reviews the use of soft dollar products and services by Victory Capital and its distribution among clients.

All products and services Victory Capital obtains with soft dollars must be consistent with the safe harbor provided by Section 28(e) of the 1934 Act.

**DIRECTED BROKERAGE**

Victory Capital does not recommend, request, or require its clients to use a specified broker-dealer for portfolio transactions in their accounts. In some cases, clients have directed Victory Capital to use specified broker-dealers ("directed brokers") for portfolio transactions in their accounts. In such a case, Victory Capital is not obligated to, and generally will not, solicit competitive bids for each transaction or seek the lowest commission rates for the client, as the commission rates have typically been pre-negotiated between the client and the directed broker. Since Victory Capital has not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate charged by the directed broker may be higher than what Victory Capital could receive from another broker-dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by Victory Capital because it may not be possible to add these orders to block orders. Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an initial public offering).

Victory Capital typically submits directed broker orders after non-directed brokerage orders are completed (unless Victory Capital steps out the trade, as discussed below). In addition, directed brokerage orders may not be executed simultaneously due to certain operational limitations. Due to the timing of order placement, Victory Capital may not be able to fill the entire order with a particular directed broker. Moreover, when the time for placement of the order with the directed broker arises, we may determine that it is no longer advantageous for the client which has directed brokerage (such as wrap fee program clients) to participate in the security transaction due to price movements or liquidity constraints. In such a case, we would not execute the transaction on the client’s behalf, thus precluding the client from an investment opportunity that other clients in the same strategy, whose orders were placed earlier, were able to partake.

Clients who direct commissions to specified broker-dealers may not generate returns equal to clients that do not direct commissions. Due to these circumstances, there may be a disparity in commission rates charged to a client who directs Victory Capital to use a particular broker and client accounts may experience performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution. In some instances, pre-negotiated rates have not been made by the client. In those cases, the client will be charged the broker’s applicable commission rate.
Wrap fee programs typically call for Victory Capital to only execute client transactions through the wrap sponsor broker-dealer. In such cases, clients are not typically charged a separate commission per trade as long as the wrap fee broker-dealer executes the trade. In evaluating a wrap fee program, clients should recognize that brokerage commissions for the execution of portfolio transactions executed by wrap fee broker-dealers are not negotiated by Victory Capital and trades for wrap program accounts may be executed after trades for other types of client accounts. This may inhibit Victory Capital’s ability to obtain the same level or timeliness of execution that it may otherwise have if it had been able to execute the entire trade with one broker-dealer.

**Trade-Away Transactions**

There may be instances when Victory Capital has the ability to trade with brokers other than the wrap fee broker-dealer. In some cases, this may be required if the broker-dealer is unable to execute a type of trade (for example, trading in convertible securities), but it may also be because Victory Capital believes that it can obtain better trade execution than trading through the wrap fee broker. Regardless of the reason, if Victory Capital trades with a broker other than the wrap fee broker, the client will often incur a commission cost in addition to the all-inclusive fee paid to the broker, thereby increasing such clients’ overall costs. In certain trades, such as fixed income or convertible trades, there is no additional commission cost as those trade execution fees are embedded in the price of the security. These embedded execution fees may be more or less than what would be incurred if the wrap sponsor executed the trade.

Clients whose accounts are custodied at a broker may have a “trade away” fee imposed by that broker on any trade that Victory Capital places on behalf of the account with a broker-dealer other than the custodial broker. While Victory Capital may have full discretion to select a broker-dealer for transactions for the account, a trade-away fee may adversely affect Victory Capital's ability to obtain best price and execution. For example, the trade-away fee for small volume trades may outweigh the benefit of the volume discounts that can be obtained by blocking orders or of executing over-the-counter stock and bond transactions with the market-makers for such securities.

**Step-Out Transactions**

Victory Capital may engage in “step-out” brokerage transactions, subject to best execution. In a “step-out” trade, an investment adviser directs trades to a broker-dealer who executes the transaction, while a second broker-dealer clears and settles the transaction. The executing broker-dealer shares its commission with the clearing broker-dealer. Victory Capital engages in step-out transactions primarily to satisfy client-directed brokerage arrangements of certain client accounts. In the case of directed brokerage, trades are often executed through a particular broker-dealer and then “stepped-out” to the directed brokerage firm for credit.

When circumstances are appropriate, Victory Capital will include the directed broker transactions in a block order with other accounts and then step-out the trade. If Victory Capital is unable to execute the directed trade as part of a blocked order, Victory Capital will place the order for the directed trade through the broker specified by the client but execution costs of the transaction may be greater.
**AGGREGATION OF ORDERS**

As a general rule, Victory Capital will combine orders into block trades when more than one account on the same trading system is trading the same security with corresponding strategies ("block orders"). Victory Capital will submit block orders only if such aggregation is consistent with both its duty to seek best execution and the terms of the investment advisory agreements with each client for whom trades are aggregated. Victory Capital does not receive additional compensation or remuneration of any kind from aggregating orders.

If a purchase order is filled in its entirety, securities will be allocated to accounts according to an allocation statement, which specifies participating accounts and securities allocation among them. The allocation statement is typically completed before the aggregated order is placed. All accounts that participate in the block order are charged the same execution price for the securities purchased or sold (typically, the average share price for the block order on the same business day). For equity securities, all accounts are charged the same per share commission unless a client has a prearranged commission agreement with a directed broker. Any portion of an order that remains unfilled at the end of the day is rewritten (absent contrary instructions) on the following day as a new order and those securities will receive a new daily average price to be determined at the end of the following day and allocated across the block in the same manner described above.

If a purchase order is partially filled, securities are allocated pro-rata based on the allocation statement. Under certain circumstances, portfolio managers may allocate executed trades in a different manner than indicated on the allocation statement (for example, other than on a pro-rata basis), provided that all accounts in the block order receive fair treatment. In some cases, de minimis shares will be reallocated or minimum allocation quantities will be used. Orders that result in small allocations can under certain circumstances cause a client’s account to incur additional trade ticket charges from its custodian bank if it receives multiple partial allocations.

Portfolio managers may make investment decisions in a strategy regarding a security that is included in a combination of separate accounts, pooled vehicles and wrap fee accounts. When this happens, the trading desk uses a “trade rotation” to treat the various types of accounts fairly as there may be an advantage to trading early.

In a trade rotation, non-directed block orders for separate accounts and pooled vehicles are traded first. After that, all other accounts are treated equally, and are traded on a rotating alphabetical basis such that an account that traded first in one rotation will go last in the next. Therefore, trades for the clients that participate in wrap fee programs and all other directed brokerage accounts trade equally. In certain circumstances, Victory Capital will proceed with a trade rotation if it concludes, in its sole and reasonable discretion after considering the market for those securities, that a UMA sponsor is unable to execute the trades in a reasonable time.

While Victory Capital selects broker-dealers for specific transactions, clients may direct Victory Capital to use a specific broker-dealer. Some clients may direct Victory Capital to use specific brokers as part of a commission recapture program. A “commission recapture program” is a negotiated rebate of commissions paid to brokers, which may help reduce transaction costs for clients by lowering their overall commission expense. However, when clients direct Victory Capital to use a specific broker to execute transactions for their accounts, they should be aware that the use of a directed broker could result in less favorable execution of some portfolio transactions or a higher net price for certain securities purchased for their account. Clients in a
commission recapture program may not be able to participate in allocations of new issues or other investment opportunities purchased from discretionary brokers; and the inability to receive the benefit of reduced commissions or more favorable prices available in blocked trades with other Victory Capital clients.

For accounts with directed brokers, order execution is delayed until after non-directed separate account block orders in the same security are executed (or, if the execution of discretionary broker trades cannot be fully completed in a single day, for a reasonable time after the placement of such trades with the discretionary broker). If multiple clients have directed the use of a specific broker with respect to trades in the same security, Victory Capital will prioritize the sequence of which directed broker client trades are placed next with a goal of seeking fair and equitable treatment of such clients over time and best execution under the circumstances. Victory Capital may choose to place the directed broker trades first or concurrently with discretionary broker trades in the same security if Victory Capital reasonably believes that the directed broker trade will not adversely impact the execution of discretionary broker trades.

Victory Capital clients with non-discretionary accounts (such UMA program accounts) are notified of a recommended purchase or sale of a security after the transaction has been completed for all discretionary accounts managed by Victory Capital. This delay may have an adverse impact on the price at which such non-discretionary account is subsequently able to purchase or sell the security. In certain circumstances, Victory Capital will proceed with a trade rotation if it concludes, in its sole and reasonable discretion after considering the market for those securities, that a wrap sponsor is unable to execute the trades in a reasonable time.

**Allocation of Offerings**

Victory Capital provides investment advisory services for various clients and may give advice and take action with respect to any client that may differ from the advice given, or the timing or nature of action taken, with respect to another client, provided that over a period of time, to the extent practical, Victory Capital seeks to allocate investment opportunities to each client account in a manner that it reasonably believes is fair and equitable relative to other similarly-situated client accounts.

When allocating trades, portfolio managers may use other allocation methods in place of a pro-rata allocation. The relevant factors considered include, but are not limited to:

- Size of account
- Current industry or issuer weighting
- Account objectives, restrictions and guidelines
- Meeting target allocations
- Regulatory restrictions
- Risk tolerances
- Cash availability and liquidity needs
- Limitations to supply or demand for a particular security
- Account funding requirements
- Priority to certain accounts with specialized investment objectives and policies

From time to time, Victory Capital may have the opportunity to acquire securities for its clients as part of an initial public offering ("IPO") or a secondary offering (together with an IPO, an
“offering”). In placing orders for offerings, Victory Capital will first determine the investment style or styles, as well as the eligible clients within a style, for which the offering is most applicable. Allocation factors include, but are not limited to: (1) the nature, size and expected allocation of a deal; (2) the aggregate size of the investment styles or the size of the client’s account; (3) the investment objectives and restrictions of the account and individual clients; (4) the client’s eligibility to purchase offering securities under applicable FINRA rules; (5) the risk tolerance of the client; and (6) the client’s tolerance for possibly higher portfolio turnover. The portfolio management teams for those styles will submit indications of interest on behalf of their client accounts to Compliance for pre-approval. If approved, each Victory Capital trading desk will separately submit all of its indications to the offering dealer.

All IPO allocations are subject to client and regulatory restrictions. Participating client accounts also must certify their eligibility as determined by FINRA rules. Clients that participate in wrap fee programs are not able to receive IPO allocations due to unknown client eligibility and restrictions around trading away. For institutional clients with directed brokerage arrangements, Victory Capital may trade away their accounts to the offering broker, subject to any trade-away fees charged by the directed broker.

If an aggregated IPO order is partially filled, securities generally will be allocated pro-rata according to the trading desk’s indication of interest. However, if a pro-rata allocation results in an odd lot or in an amount too small for a client’s account, the portfolio manager may back out of the client’s allocation and those shares will be reallocated pro-rata to the remaining participating clients. Share amounts may be rounded to the nearest round lot. Victory Capital regularly reviews the allocation of IPO securities, which may result in a reduction or no allocation in the securities initially requested. When a client has a small asset base, participation in IPOs may significantly increase the client’s total returns, and as the assets grow, any impact of such offerings on the client’s total return may decline.

**FOREIGN EXCHANGE (FX) TRANSACTIONS**

For equity transactions in foreign securities, Victory Capital uses a designated third-party specialist or the client custodian to execute FX transactions on behalf of the participating accounts in order to purchase the foreign security using the currency of the applicable country. In instances where a client elects to direct the execution of its FX transactions through its custodian, or direct the execution of its FX transactions to a specific market, the client’s account may experience negative or positive performance dispersion from other accounts managed by Victory Capital in the same style and for which Victory Capital has full discretion to select the counterparty for FX transactions.

**DERIVATIVES**

Victory Capital may enter into derivatives transactions when and if advisable to implement clients’ investment objectives or other derivative transactions (e.g., index futures contracts) in order to gain short-term exposure to a particular market or as a cash management strategy. Derivative counterparties are selected based on a number of factors, which include credit rating, execution prices, execution capability with respect to complex derivative structures, and other criteria relevant to a particular transaction.
ITEM 13: REVIEW OF ACCOUNTS

A portfolio manager regularly reviews the portfolios of each discretionary account managed by Victory Capital to determine whether to take any actions for that portfolio, based on its investment objectives, policies, and assets, and more generally, based on Victory Capital's review of economic and market conditions.

Victory Capital's Compliance Department also monitors portfolios and reviews potential violations of investment objectives and policies for each portfolio on a daily basis.

Accounts are also reviewed with the client on a periodic basis to assess performance and to discuss whether there are any changes to the client's investment mandate. At a minimum, portfolio managers and client relationship managers review accounts with clients on an annual basis; however, most accounts are reviewed with clients on a quarterly basis (or as otherwise specified by a client's IPS).

Victory Capital provides separate account clients a written appraisal of their assets at least quarterly. This appraisal describes each security held in the client's account and provides cost and current market value, and other information concerning the account. In addition, Victory Capital provides such clients, each quarter and upon request at any time, a report of the investment performance of their account. Gain and loss, purchase and sale, and transaction summary reports, as well as portfolio commentary, are available to clients whose accounts are managed on a separate account basis upon request.

Members of the portfolio management teams for each of the Victory Funds regularly report to the Trustees of the relevant Victory Funds regarding the funds' performance. In addition, each of the Victory Funds provides shareholders with a semi-annual written report containing performance and financial information, as required by applicable law. The Victory Funds also file with the SEC an annual report regarding the Funds' proxy voting records and a quarterly report regarding the funds' portfolio holdings.

Where Victory Capital serves as an unaffiliated investment adviser or portfolio manager through wrap fee programs or other programs established by other financial intermediaries, or to unaffiliated pooled vehicles, Victory Capital generally relies on the program sponsor or distributor to provide clients with periodic account statements.
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Victory Capital has not entered into any client solicitation agreements with third party marketers.

Some of Victory Capital’s clients and prospective clients retain investment consultants or other intermediaries to advise them on the selection and review of investment managers. Victory Capital may also manage accounts introduced to Victory Capital through consultants. These consultants or other intermediaries may recommend Victory Capital’s investment advisory services, or otherwise place Victory Capital into searches or other selection processes. Although Victory Capital does not pay for client referrals, Victory Capital, from time to time, has business relationships with consultants, intermediaries, or their affiliates. These business relationships include, but are not limited to, Victory Capital providing investment advisory services to their proprietary accounts, purchasing their software applications or other products or services or inviting them to events that are hosted by Victory Capital.
ITEM 15: CUSTODY

Victory Capital does not act as a “qualified custodian” in possession of client assets as defined by Rule 206(4)-2 of the Advisers Act. Clients must appoint a qualified custodian (as defined in Item 5 herein) to hold their assets. Should Victory Capital inadvertently receive client securities or funds from a third party, Victory Capital will forward promptly such securities or funds to the client or the client’s custodian following receipt thereof. In addition to taking possession of client assets, custodians settle transactions, send monetary wires, and perform other miscellaneous administrative services. Custodians are directed to accept instructions from Victory Capital regarding the assets in the client’s account. Clients are responsible for the acts of their custodians and all direct expenses of the account, such as custodial fees and brokerage expenses.

If authorized by a client, advisory fees may be billed directly to and paid from the client’s account, which are reflected in quarterly account statements from the custodian. These account statements also detail transactions and holdings in the account. Victory Capital sends (and other service providers may send) periodic account statements to clients related to their account. Victory Capital urges clients to review carefully, and compare for discrepancies, all account statements against those provided by their qualified custodian. When a client contractually grants Victory Capital the authority to deduct management or advisory fees directly from the client’s custodial account by directly invoicing the custodian (e.g., through a standing letter or authorization), Victory Capital may be deemed to have custody of those assets under SEC rules. Such clients should receive account statements directly from their third-party custodians for the accounts managed by Victory Capital and should carefully review these statements. Such clients should contact Victory Capital immediately if they do not receive account statements from their custodian on at least a quarterly basis.
ITEM 16: INVESTMENT DISCRETION

Victory Capital typically accepts discretionary authority to manage securities accounts on behalf of its clients by entering into a written investment advisory agreement with the client. Where Victory Capital has discretionary authority, Victory Capital will make all investment decisions for the account and, when it deems appropriate and without prior consultation with the client, buy, sell, exchange, convert, and otherwise trade in any stocks, bonds, other securities, and other financial instruments, subject to any written IPS or investment guidelines or restrictions (which may include (without limitation) restrictions on: the market-capitalization of investments held in the account, cash levels permitted in the account, the purchase of foreign securities, or the types of investments or techniques that may be used in managing the account) provided by the client. Some Victory Capital clients, such as ERISA clients, are also restricted by law from making certain investments. Certain investment restrictions may limit Victory Capital’s ability to execute the strategy and, as a result, may reduce performance. Victory Capital’s clients agree to respond to inquiries and confirm Victory Capital’s authority to manage the account of the discretionary relationship with necessary parties.

Some clients may direct Victory Capital to execute, or seek to execute, subject to best execution, some or all of their security trades with a specified broker or dealer. Such direction is commonly referred to as directed brokerage. In selecting a directed broker, the client has the sole responsibility for negotiating commission rates and other transaction costs with the directed broker (for more information on directed brokerage, please see Item 12 herein).

Victory Capital manages a limited portion of its business in a non-discretionary manner, predominately through UMA programs. The investment management contract with the UMA sponsor generally specifies that the sponsor retains investment discretion and is responsible for executing securities trades. Under these types of arrangements, Victory Capital provides UMA sponsors with a model portfolio from which the sponsor can choose to deviate (for more information on UMA programs, please see Item 4 herein).

Certain client-directed investment restrictions may limit Victory Capital’s ability to fully execute the strategy, which, as a result, may have a negative impact on performance.
ITEM 17: VOTING CLIENT SECURITIES

Victory Capital’s Proxy Voting Policies and Procedures ("Proxy Voting Policy") govern how it votes proxies relating to securities owned by clients who have delegated voting authority and discretion to Victory Capital. Victory’s Proxy and Corporate Activities Committee (the “Proxy Committee”) determines how client securities will be voted.

Victory Capital’s proxy voting guidelines ("Guidelines") were established to assist in voting proxies. There are occasions when a vote contrary to the Guidelines may be warranted if it is in the best interests of the client or if it is required under the account’s governing documents. Victory Capital seeks to act in a manner consistent with the best interest of its clients when it votes client proxies; however, a conflict of interest may exist between Victory Capital and its clients in certain circumstances. The Guidelines are intended to limit such conflicts when voting proxies. If such conflict is not resolved by voting according to the Guidelines, the Proxy Committee may seek guidance from other internal sources with related expertise. The Proxy Committee documents all voting exceptions (for example, if the Proxy Committee votes against or withholds a vote for a proposal that is generally approved, or votes in favor of a proposal that is generally opposed).

In some circumstances, a portfolio manager, analyst or member of the Proxy Committee may request a proxy override. Upon such request, the Proxy Committee reviews supporting documentation to determine whether the override request is in the best interests of clients. An override request can be approved by a majority of at least three voting members of the Proxy Committee.

Victory Capital has retained Institutional Shareholder Services ("ISS") to perform the administrative tasks of receiving proxies, proxy statements, and voting proxies in accordance with the Proxy Voting Policy. ISS shall have the authority to vote proxies only in accordance with standing or specific instructions given by Victory Capital.

Clients may direct Victory Capital to vote their proxies in a manner that may result in a vote that is different from the way Victory Capital might vote proxies of other clients. For example, some labor unions may instruct Victory Capital to vote proxies for their accounts in accordance with the AFL-CIO proxy voting standards. For clients who request AFL-CIO proxy voting, Victory Capital has directed ISS to use the Taft-Hartley proxy voting guidelines to recommend how to vote such proxies. Clients may direct Victory Capital’s vote on a particular solicitation by contacting their Victory Capital client manager or emailing an inquiry to client_service_team@vcm.com.

In the event Victory Capital does not have authority to vote client securities, clients should make separate arrangements with their custodians regarding the delivery of proxies and other solicitation materials. These clients may contact their Victory Capital client manager or email an inquiry to client_service_team@vcm.com with questions regarding particular solicitations.

For a copy of the Proxy Voting Policy, please visit Victory Capital’s website at http://www.vcm.com/policies. To obtain information on specific proxies voted by Victory Capital, clients may contact their Victory Capital client manager or email an inquiry to client_service_team@vcm.com.
ITEM 18: FINANCIAL INFORMATION

Victory Capital is audited annually by an independent accounting firm and files consolidated financial statements with the Securities and Exchange Commission on Form 10-K. Victory Capital is not aware of any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to its clients.
ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This item is not applicable to Victory Capital.
Appendix A

Victory Capital Associated Persons (Non-U.S. Advisers):

**Michael Ade, CFA**, is a Portfolio Manager at RS Investment Management (Singapore) Pte. Ltd. Prior to joining the firm in 2012, he worked at Principal Global Investors (Singapore) Limited as a portfolio manager for eight years. He previously worked as an analyst at Principal Global Investors (USA). Mr. Ade holds a bachelor’s degree in finance from the University of Wisconsin.

**Geoff Boyd, CA**, is an Analyst on the Sophus Capital Emerging Markets team. The RS Investments Emerging Markets team was renamed Sophus Capital in July 2016 when RS Investments was acquired by Victory Capital. Sophus Capital is a Victory Capital investment franchise. Mr. Boyd has over 17 years of industry experience. Prior to joining Sophus Capital in 2017 he was the Regional head of automotive and steel research at CLSA, a sell-side brokerage, with a strong following in Asia.

**Tammy Belshaw, CFA**, is Head of Emerging Markets Research at RS Investments (UK) Limited. Prior to joining the firm in 2012, she worked at Principal Global Investors as a research analyst and member of the emerging markets team, and at Citigroup Asset Management as a research analyst. She previously worked at Watson Wyatt as an investment consultant and equity research manager. Ms. Belshaw holds a master’s degree in economics from Cambridge University.

**Zoe Chow** is an Analyst at RS Investment Management (Singapore) Pte. Ltd. Prior to joining the firm in 2012, she worked at Principal Global Investors (Singapore) Limited as a research analyst and member of the emerging markets team, coordinating quantitative analysis and portfolio analytics for Diversified Emerging Markets and Asian Equity portfolios. Ms. Chow holds a bachelor’s degree in finance from Singapore Management University and is a CFA Level 3 candidate.

**Tony Chu, CFA**, is a Portfolio Manager and Analyst at RS Investments (Hong Kong) Limited. Prior to joining the firm in 2012, he worked at Principal Global Investors (HK) Limited as a portfolio manager. He previously worked at Principal Asset Management (Asia) Limited as a portfolio manager, and at INVECO Hong Kong Limited as an investment analyst and associate portfolio manager. Mr. Chu holds a bachelor’s degree in commerce from the University of Queensland and a master’s degree in commerce from the University of New South Wales.

**Roy Law, CFA**, is an Analyst at RS Investments (Hong Kong) Limited. Prior to joining the firm in 2012, he worked at Principal Global Investors (HK) Limited as an analyst on the emerging markets team. He previously worked at Motorola Asia Pacific Limited as an assistant engineer. Mr. Law holds a bachelor’s degree in electronic & communications engineering from the University of Hong Kong.
# Privacy Policy

**FACTS**

**WHAT DOES VICTORY CAPITAL DO WITH YOUR PERSONAL INFORMATION?**

**Why?** Financial companies choose how they share personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect personal information. Please read this notice carefully to understand what we do.

**What?** The types of personal information we collect and share depend on the product and services you have with us. This information can include:
- Social Security number and investment experience
- Account balance and transaction history
- Assets and income

**How?** All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Victory Capital chooses to share, and whether you can limit this sharing.

<table>
<thead>
<tr>
<th>Reasons we can share your personal information</th>
<th>Does Victory Capital Share?</th>
<th>Can you limit the sharing?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For our everyday business purposes</strong> - such as to process your transactions, maintain your accounts, and respond to court orders and legal investigations, or report to credit bureaus</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our marketing purposes</strong> - to offer our products and services to you</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For joint marketing with other financial companies</strong></td>
<td>No</td>
<td>We don't share</td>
</tr>
<tr>
<td><strong>For our affiliates’ everyday business purposes</strong> - information about your transactions and experiences</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our affiliates everyday purposes</strong> - information about your credit worthiness</td>
<td>No</td>
<td>We don't share</td>
</tr>
<tr>
<td><strong>To our affiliates to market to you</strong></td>
<td>No</td>
<td>We don't share</td>
</tr>
<tr>
<td><strong>For nonaffiliates to market to you</strong></td>
<td>No</td>
<td>We don't share</td>
</tr>
</tbody>
</table>

**Questions?** Call 1-877-660-4400 or visit www.vcm.com
<table>
<thead>
<tr>
<th>Who we are</th>
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<tr>
<td><strong>Who is providing this notice?</strong></td>
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<table>
<thead>
<tr>
<th>What we do</th>
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<tbody>
<tr>
<td><strong>How does Victory Capital protect my personal information?</strong></td>
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</tbody>
</table>
| **How does Victory Capital collect my personal information?** | We collect your personal information, for example, when you:
- open an account or enter into an investment advisory contract
- direct us to buy or sell securities
- seek advice about your investment.
We also collect your personal information from other companies. |
| **Why can’t I limit all sharing?** | Federal law gives you the right to limit only:
- sharing for affiliates' everyday business purposes – information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you
State laws and individual companies may give you additional rights to limit sharing. |

<table>
<thead>
<tr>
<th>Definitions</th>
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</table>
| **Affiliates** | Companies related by common ownership or control. They can be financial and nonfinancial companies.
- Victory Capital Management Inc. and Victory Capital Advisers, Inc. are affiliates of one another because they are under indirect common control of Victory Capital Holdings, Inc. |
| **Nonaffiliates** | Companies not related by common ownership or control. They can be financial and nonfinancial companies.
- Victory Capital does not share with nonaffiliates so they can market to you. |
| **Joint Marketing** | A formal agreement between nonaffiliated financial companies that together market financial products or services to you.
- Victory Capital does not jointly market. |
| **Other Important Information** | You may have other privacy protections under applicable state laws. |
Part 2B of Form ADV
Brochure Supplement

Munder Capital Management

Munder Focused Small-Mid Capitalization
Munder Mid-Capitalization Core Growth
Munder Mid-Capitalization Growth
Munder Multi-Capitalization
Munder Small-Cap/Mid-Cap Blend

March 29, 2019

This brochure supplement provides information about Tony Dong, Robert Crosby, Michael Guru, Brian Matuszak, and Gavin Hayman that supplements the Victory Capital Management Inc. brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Victory Capital’s Chief Compliance Officer at the number listed above if you did not receive Victory Capital Management Inc.’s brochure or if you have any questions about the contents of this supplement.
Tony Dong

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Dong (born in 1960) is the Chief Investment Officer lead portfolio manager for all Munder strategies. He successfully develops and manages investment strategies that generate alpha, control risk, and create long-term value for clients. He successfully developed and manages investment strategies that generate alpha, control risk, and create long-term value for clients. Mr. Dong joined Victory Capital (formerly Munder Capital Management, which was acquired by Victory Capital in October 2014) in 1988 and he has over 34 years of investment experience.

Mr. Dong holds B.B.A. from the University of Michigan and an M.B.A. from Wayne State University. He is also a CFA® charterholder.¹

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Robert Crosby

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Crosby (born in 1969) is the lead portfolio manager for Munder’s small-cap/mid-cap blend equity strategy and is an analyst for the mid-capitalization core growth, mid-capitalization growth and focused small-mid capitalization strategies. His sector responsibilities include technology, industrials, real estate, and energy. Mr. Crosby joined Victory Capital (formerly Munder Capital Management, which was acquired by Victory Capital in October 2014) in 1993 and he has over 27 years of investment management experience.

Mr. Crosby received a B.A. in Economics from the University of Missouri and an M.S. in Economics and Finance from Murray State University. He is also a CFA® charterholder1 and he is a member of the CFA Institute and the CFA Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
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Michael Gura

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Gura (born in 1962) is a senior portfolio manager with Munder’s large capitalization growth, multi-capitalization, diversified and growth opportunities equity strategies. He joined Victory Capital (formerly Munder Capital Management, which was acquired by Victory Capital in October 2014) in 1986.

Mr. Gura received both his B.B.A. and B.S. from Walsh College. He is also a CFA® charterholder and he is a member of the CFA Institute and the CFA Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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Brian Matuszak

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Matuszak (born in 1973) is a portfolio manager and analyzes equity securities for Munder’s mid-capitalization core growth, mid-cap growth, focused small/mid-cap growth and small-cap/mid-cap blend equity strategies, with a focus on the financial, healthcare and utilities sectors. Mr. Matuszak joined Victory Capital (formerly Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2000 and has over 20 years of investment industry experience.

Mr. Matuszak earned both his B.B.A. and M.S. in Applied Economics the University of Michigan. He is also a CFA® charterholder¹ and he is a member of the CFA Institute and the CFA Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Gavin Hayman

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Hayman (born in 1973) is a co-portfolio manager for the Multi-Cap and Diversified Equity strategies and senior equity analyst for mid-capitalization core growth, mid-cap growth, focused small/mid-cap growth, small-cap/mid-cap blend, and small-cap growth equity strategies, with a focus on the consumer discretionary, consumer staples, information technology, and telecommunication services sectors. Mr. Hayman joined Victory Capital (formerly Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2010.

Mr. Hayman holds an honors degree in law from the University of Central Lancashire. He is also a CFA® charterholder¹ and he is a member of the CFA Institute.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
This brochure supplement provides information about Erick Maronak, Scott Kefer, Jason Dahl, Michael Koskuba, and Elie Masri that supplements the Victory Capital Management Inc. brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Victory Capital’s Chief Compliance Officer at the number listed above if you did not receive Victory Capital Management Inc.’s brochure or if you have any questions about the contents of this supplement.
Eric Maronak

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Maronak (born in 1966) is the Chief Investment Officer and lead portfolio manager of the NewBridge Large Cap Growth strategy. He joined Victory Capital in 1999 with 10 years’ prior investment experience. Previously, he was a portfolio manager and director of research in the Campbell, Cowperthwait division of U.S. Trust Company.

Mr. Maronak holds a B.S. in economics from City University of New York and an M.B.A. from St. John's University.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Dahl (born in 1967) is a senior portfolio and member of the NewBridge Large Cap Growth portfolio management team. He joined Victory Capital in 1999, with nine years of investment experience. Prior to Victory Capital, he was a portfolio manager/analyst in the Campbell, Cowperthwait division of U.S. Trust Company.

Mr. Dahl holds a B.S. in economics from SUNY College at New Paltz and an M.B.A. from Pace University. He is also a CFA® charterholder.1

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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1 The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Scott Kefer

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Kefer (born in 1971) is a senior portfolio manager and member of the NewBridge Large Cap Growth portfolio management team. He joined Victory Capital in 1999, with six years of investment experience. Prior to Victory Capital, he held a similar position in the Campbell, Cowperthwait division of U.S Trust Company.

Mr. Kefer holds a B.S. in Business Management from Skidmore College. He is also a CFA® charterholder.¹

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Michael Koskuba

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Koskuba (born in 1972) is a senior portfolio manager and member of the NewBridge Large Cap Growth portfolio management team. He joined Victory Capital in 1999, with five years of investment experience. Prior to Victory Capital, he was a portfolio manager/analyst in the Campbell, Cowperthwait division of U.S. Trust Company.

Mr. Koskuba holds a B.A. in International Studies from Muhlenberg College and an M.B.A. in finance from Fordham University.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Masri (born in 1973) is a portfolio manager and member of the NewBridge portfolio management team. He joined Victory Capital in 2008, with 12 years of investment experience. Mr. Masri held a similar role at Deutsche Asset Management before he joined Victory Capital.

Mr. Masri holds a B.B.A. in finance from Baruch College and a M.S. in quantitative methods and modeling from the Zicklin School of Business at Baruch College.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
This brochure supplement provides information about Edward Goard, Richard Consul, James Kelts, Gregory Oviatt, Adam Thayer, James Kaesberg, Mark Vucenovic, Heidi Adelman and Harriet Uhlir that supplements the Victory Capital Management Inc. brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Victory Capital’s Chief Compliance Officer at the number listed above if you did not receive Victory Capital Management Inc.’s brochure or if you have any questions about the contents of this supplement.
Edward Goard

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Goard (born in 1965) is the Chief Investment Officer for INCORE's Investment Grade Convertible Securities, Total Return Fixed Income, Core Bond and Short-Term Fixed Income strategies. He joined Victory Capital (previously, Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2007. Mr. Goard has 26 years of capital markets and portfolio management experience. Prior to Victory Capital, he was a senior portfolio manager and head of interest rate and mortgage strategies at Barclays Global Investors.

Mr. Goard earned a B.S. in International Finance from San Francisco State University. He is a CFA® charterholder1 and a member of the CFA® Institute and the CFA® Society of Detroit. Mr. Goard also serves on the Board of Directors of the CFA® Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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1 The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Consul (born in 1978) is a senior portfolio manager and a member of the portfolio management team for the INCORE Total Return Fixed Income and Core Bond strategies. Mr. Consul joined Victory Capital (previously, Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2010. Prior to Victory Capital, he was a foreign exchange currency trader with Bank of America in San Francisco and London. He also traded futures/options for DTE Energy’s internal commodities hedge fund portfolio.

Mr. Consul earned a B.B.A. in Finance (with a minor in Mathematics) and an M.S.E. in Financial Engineering from the University of Michigan. He is a member of the International Association of Financial Engineers. He is also a CFA® charterholder¹ and a member of the CFA® Institute and the CFA® Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
James Kelts

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Kelts (born in 1977) is a senior portfolio manager and the head of INCORE’s fixed income trading and a senior portfolio manager for the Total Return Fixed Income strategy. He joined Victory Capital (previously, Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003. Mr. Kelts has 16 years of investment industry experience, including significant experience in portfolio management and credit analysis of corporate, commercial mortgage backed and asset backed bond sectors.

Mr. Kelts earned a B.A. in Finance from Michigan State University. He is also a CFA® charterholder\(^1\) and a member of the CFA® Institute and the CFA® Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

\(^1\) The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Oviatt (born in 1971) is senior portfolio manager at INCORE specializing in A rated or better portfolios as well as insurance related portfolios. He joined Victory Capital (previously, Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2000. He has 22 years of investment experience, with significant experience with credit analysis and portfolio management of corporate bonds and structured products. Mr. Oviatt previously worked as a money market portfolio manager with National City Investment Management Co. and a money market and fixed income trader with First of America Investment Corporation.

Mr. Oviatt earned a B.A. in Economics from Kalamazoo College. He is also a CFA® charterholder\(^1\) and a member of the CFA® Institute and the CFA® Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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\(^1\) The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Adam Thayer

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Thayer (born in 1976) is a senior portfolio manager with INCORE’s Short-Term Fixed Income strategy, with a focus on taxable and tax-exempt municipal bonds. He also performs credit research and analysis of the municipal sector. Mr. Thayer joined Victory Capital (previously, Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2000 and he has 20 years of investment industry experience. Mr. Thayer earned a B.A. in Finance from Michigan State University. He is also a CFA® charterholder¹ and a member of the CFA® Institute and the CFA® Society of Detroit.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA Institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
James Kaesberg

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Kaesberg (born in 1960) is a senior portfolio manager with INCORE’s Investment Grade Convertible Securities strategy. He is also the co-manager of the INCORE Investment Grade Convertible Fund, as well as common and collective funds that invest in this asset class. Mr. Kaesberg joined Victory Capital in 1985 and has been managing convertible portfolios since 1992. Prior to joining INCORE’s convertibles team, he focused on pharmaceuticals, healthcare, telecommunications, computers and office equipment as an equity analyst.

Mr. Kaesberg earned both a B.B.A and an M.B.A. from the University of Wisconsin. He is a CFA® charterholder and a member of the CFA® Society of Cleveland.1

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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1 The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Mark Vucenovic

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Vucenovic (born in 1970) is a portfolio manager with INCORE’s Investment Grade Convertible Securities strategy. He joined Victory Capital in July 2009 as a credit analyst in the fixed income area and transferred to equity research in 2012. Prior to Victory Capital, he worked for FTN Equity Capital Markets and Midwest securities as a senior equity analyst focused on information technology. Before FTN, Mr. Vucenovic was a relationship manager and credit analyst in the commercial banking and international finance divisions of KeyCorp.

Mr. Vucenovic earned a B.B.A from Ohio University and an M.B.A. from Cleveland State University. He holds FINRA Series 7, 63, 86 and 87 licenses.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
Heidi Adelman

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Ms. Adelman (born in 1969) is the Chief Investment Officer and lead portfolio manager of INCORE’s Short Government strategy. She joined Victory Capital in 1996, with two years of investment experience. Before Victory Capital, Ms. Adelman held positions with KeyCorp’s audit, asset management compliance and money market asset management groups.

Ms. Adelman earned a B.S. from the Ohio State University.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
**Harriet Uhlir**

**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND**
Ms. Uhlir (born in 1970) is a portfolio manager with INCORE’s Short Government strategy. She helps devise and implement strategy and makes security selection recommendations. Ms. Uhlir joined Victory Capital in 2012. Previously, she was a senior portfolio manager in securities lending with Key Bank from 2001 to 2012.

Ms. Uhlir earned a B.A. in Mathematics from the University of Cincinnati and an M.B.A. in Finance from Case Western Reserve University.

**ITEM 3: DISCIPLINARY INFORMATION**
This individual does not have any discipline information to report.

**ITEM 4: OTHER BUSINESS ACTIVITIES**
This individual does not have any other business activities to report.

**ITEM 5: ADDITIONAL COMPENSATION**
This individual does not receive any additional compensation.

**ITEM 6: SUPERVISION**
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

**ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**
Not Applicable
Part 2B of Form ADV
Brochure Supplement

RS Investments - Growth

RS Small Cap Growth Strategy
RS Small/Mid Cap Growth Strategy
RS Mid Cap Growth Strategy
RS Large Cap Growth Strategy
RS Technology Strategy
RS Biotech Strategy
RS Concentrated Growth Strategy

March 29, 2019

This brochure supplement provides information about Stephen J. Bishop, Melissa Chadwick-Dunn, Christopher W. Clark, Paul Leung and D. Scott Tracy that supplements the Victory Capital Management Inc. brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Victory Capital’s Chief Compliance Officer at the number listed above if you did not receive Victory Capital Management Inc.’s brochure or if you have any questions about the contents of this supplement.
D. Scott Tracy

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Tracy (born in 1970) is Chief Investment Officer of the RS Growth Team and the portfolio manager of the RS Mid Cap Growth, RS Large Cap Growth, RS Small Cap Growth, RS Concentrated Growth, and RS Small/Mid Cap Growth strategies. Mr. Tracy joined Victory Capital (formerly RS Investments, which was acquired by Victory Capital in June 2016) in 2001. Prior to Victory Capital, he spent three years at Shoreline Investment Management, the in-house asset management arm of Hewlett-Packard, where his research focus included technology and industrial companies. He has also served as an equity analyst at Montgomery Securities.

Mr. Tracy holds a B.A. in history from Trinity College and an M.B.A. from the University of California at Berkeley. He is also a CFA® charterholder.¹

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable.

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Stephen J. Bishop

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Bishop (born in 1967) is the portfolio manager of the RS Mid Cap Growth, RS Large Cap Growth, RS Small Cap Growth, RS Small/Mid Cap Growth, and RS Science Technology strategies. Mr. Bishop began his investment career in 1992 and joined Victory Capital (formerly RS Investments, which was acquired by Victory Capital in June 2016) in 1996 as a research analyst primarily covering the technology sector. Prior to Victory Capital, he worked as an analyst in the corporate finance department of Dean Witter Reynolds, Inc., for two years.

Mr. Bishop holds a B.A. in economics from the University of Notre Dame and an M.B.A. from Harvard Business School.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
Melissa Chadwick-Dunn

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Ms. Chadwick-Dunn (born in 1970) is the portfolio manager of the RS Mid Cap Growth and RS Large Cap Growth, RS Small Cap Growth, and RS Small/Mid Cap Growth strategies. Ms. Chadwick-Dunn joined Victory Capital (formerly RS Investments, which was acquired by Victory Capital in June 2016) in 2001. Prior to Victory Capital, she was an equity analyst at Putnam Investments for two years, where she covered international small-cap stocks. Prior to that, she spent four years in investment banking, working on corporate finance and mergers-and-acquisition transactions for Lehman Brothers and McDaniels S.A.

Ms. Chadwick-Dunn holds a B.A. in economics and an M.A. in international relations from the University of Chicago and an M.B.A. from the Wharton School of Business.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable.
Christopher W. Clark

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Clark (born in 1978) is the portfolio manager of the RS Mid Cap Growth, RS Large Cap Growth, RS Small Cap Growth, RS Small/Mid Cap Growth, RS Science and Technology, and RS Biotech strategies. Mr. Clark joined Victory Capital (formerly RS Investments, which was acquired by Victory Capital in June 2016) in 2007. Prior to Victory Capital, Mr. Clark was a research associate at TIAA-CREF for three years, where he focused on global portfolio management and the health care sector. Prior to that, he was a research assistant at Dresdner RCM Global Investors for three years.

Mr. Clark holds a B.A. in economics from the University of Virginia. He is also a CFA® charterholder.1

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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1 The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Leung (born in 1977) is the portfolio manager of the RS Mid Cap Growth, RS Large Cap Growth, RS Small Cap Growth, RS Small/Mid Cap Growth, and RS Science and Technology strategies. Mr. Leung joined Victory Capital (formerly RS Investments, which was acquired by Victory Capital in June 2016) in 2012. Prior to Victory Capital, he worked as a senior investment analyst at Ashfield Capital Partners for three years, where he focused on the technology sector. Prior to that, he held research and financial analyst positions at Sterling Johnston Capital Management and Salomon Smith Barney.

Mr. Leung holds a B.A. in applied economics and business management from Cornell University. He is also a CFA® charterholder.1

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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1 The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Part 2B of Form ADV
Brochure Supplement

Integrity Asset Management

Integrity Small Cap Value Equity
Integrity Mid Cap Value Equity
Integrity Small/Mid Cap Value Equity
Integrity Discovery Value Equity

March 29, 2019

This brochure supplement provides information about Daniel G. Bandi, Daniel J. DeMonica, Adam I. Friedman, Joe A. Gilbert, Mirsat Nikovic, J. Bryan Tinsley, Sean A. Burke, and Michael P. Wayton that supplements the Victory Capital Management Inc. brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Victory Capital’s Chief Compliance Officer at the number listed above if you did not receive Victory Capital Management Inc.’s brochure or if you have any questions about the contents of this supplement.
Daniel G. Bandi

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Bandi (born in 1964) serves as the Chief Investment Officer for all strategies of Integrity and is the lead portfolio manager for each of Integrity’s Small Cap Value Equity strategy and the Small/Mid Cap Value Equity strategy. Mr. Bandi focuses on the financials and industrials sectors. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was purchased by Victory Capital in October 2014) in 2003 and he has over 25 years of investment management experience.

Mr. Bandi graduated from the University of Pittsburgh and earned his M.B.A. from Texas A&M University - Commerce. He is also a CFA® charterholder.¹

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Daniel J. DeMonica

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. DeMonica (born in 1972) serves as a member of Integrity’s value equity management team. He is a senior portfolio manager for all Integrity strategies and is the co-lead portfolio manager of the Micro-Cap Value Equity strategy. Mr. DeMonica focuses on the healthcare, utilities, telecommunications and consumer services sectors. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was purchased by Victory Capital in October 2014) in 2003 and has over 20 years of investment management experience.

Mr. DeMonica graduated from Indiana University – Bloomington, and earned his M.B.A. from Case Western Reserve University. He is also a CFA® charterholder.¹

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
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ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA Institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Adam I. Friedman

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Friedman (born in 1964) serves as a member of Integrity’s value equity management team. He is a senior portfolio manager for all Integrity strategies and is the lead portfolio manager of the Mid Cap Equity strategy. Mr. Friedman focuses on information technology and consumer discretionary sectors. He joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003 and has over 27 years of investment management experience.

Mr. Friedman graduated from the University of Maryland, and earned his M.B.A. from Case Western Reserve University.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
Mirsat Nikovic

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Nikovic (born in 1973) is a member of Integrity’s value equity management team. His sector responsibilities include the REITS, financials, and industrial sectors. He also serves as the co-lead portfolio manager for the Micro Cap Value Equity strategy. Mr. Nikovic joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2007 and has over 21 years of portfolio management, research and performance analysis experience.

Mr. Nikovic is a graduate of John Carroll University. He is a CFA® charterholder and is a member of the CFA Society of Cleveland.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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1 The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
Joe A. Gilbert

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Gilbert (born in 1974) is a member of Integrity’s value equity management team, with responsibility for the consumer staples, insurance and auto & transportation sectors. Mr. Gilbert joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003 and has over 22 years of extensive security research experience.

Mr. Gilbert earned both his undergraduate degree and his M.B.A. from the University of Maryland. He is also a CFA® charterholder.¹

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Tinsley (born in 1972) is a member of Integrity’s value equity management team and he is responsible for research and security selection. His sector responsibilities include the basic materials, energy and commercial services sectors. Mr. Tinsley joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2003 and has over 22 years of portfolio management, research and performance analysis experience.

Mr. Tinsley is a graduate of Transylvania University and earned his M.B.A. from Case Western Reserve University. He is a CFA® charterholder¹ and is a member of the CFA Society of Cleveland.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

¹ The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Burke (born in 1975) is a member of Integrity’s value equity management team. His sector responsibilities include the energy, healthcare, telecommunications and utilities sectors. Mr. Burke joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2006 and has over 12 years of portfolio management, research and performance analysis experience.

Mr. Burke is a graduate of Cleveland State University.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable
ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS BACKGROUND
Mr. Wayton (born in 1976) is a member of Integrity’s value equity management team. His sector responsibilities include the consumer and information technology sectors. Mr. Wayton joined Victory Capital (formerly Integrity Asset Management, a wholly owned subsidiary of Munder Capital Management, which was acquired by Victory Capital in October 2014) in 2013 and has over 18 years of portfolio management, research and performance analysis experience.

Mr. Wayton is a graduate of The Ohio State University. He is a CFA® charterholder\(^1\) and is a member of the CFA Society of Cleveland.

ITEM 3: DISCIPLINARY INFORMATION
This individual does not have any discipline information to report.

ITEM 4: OTHER BUSINESS ACTIVITIES
This individual does not have any other business activities to report.

ITEM 5: ADDITIONAL COMPENSATION
This individual does not receive any additional compensation.

ITEM 6: SUPERVISION
All members of the investment portfolio teams are supervised by each of the Chief Executive Officer of Victory Capital and the President of the investment franchises, Messrs. David C. Brown and Kelly Cliff, respectively. Investment portfolio teams are supervised in a variety of ways throughout the year, which include: periodic reviews of buys and sells, quarterly evaluations and reports from Victory Capital’s quantitative risk team, semi-annual reviews of performance, market outlook, risk analysis and competitive positioning. Each supervised person is subject to Victory Capital’s Code of Ethics, which is overseen by the Chief Compliance Officer, his staff and senior management. Messrs. Brown and Cliff can be reached at (877) 660-4400.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
Not Applicable

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\(^1\) The Chartered Financial Analyst designation requires the holder to pass three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA institute) and have 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict code of ethics and standards governing professional conduct.
## FACTS

### WHAT DOES VICTORY CAPITAL DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product and services you have with us. This information can include:

- Social Security number and investment experience
- Account balance and transaction history
- Assets and income

#### How?

All financial companies need to share customer’s personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Victory Capital chooses to share, and whether you can limit this sharing.

<table>
<thead>
<tr>
<th>Reasons we can share your personal information</th>
<th>Does Victory Capital Share?</th>
<th>Can you limit the sharing?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For our everyday business purposes</strong> - such as to process your transactions, maintain your accounts, and respond to court orders and legal investigations, or report to credit bureaus</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our marketing purposes</strong> - to offer our products and services to you</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For joint marketing with other financial companies</strong></td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>For our affiliates’ everyday business purposes</strong> - information about your transactions and experiences</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our affiliates everyday purposes</strong> - information about your credit worthiness</td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>To our affiliates to market to you</strong></td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>For nonaffiliates to market to you</strong></td>
<td>No</td>
<td>We don’t share</td>
</tr>
</tbody>
</table>

#### Questions?

Call 1-877-660-4400 or go to www.vcm.com

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VCM Public

November 2015
<table>
<thead>
<tr>
<th>Who we are</th>
<th>Victory Capital Management Inc. and Victory Capital Advisers, Inc., together referred to as “Victory Capital”.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is providing this notice?</td>
<td></td>
</tr>
<tr>
<td>What we do</td>
<td>To protect your information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</td>
</tr>
<tr>
<td>How does Victory Capital protect my personal information?</td>
<td></td>
</tr>
<tr>
<td>How does Victory Capital collect my personal information?</td>
<td>We collect your personal information, for example, when you: • open an account or enter into an investment advisory contract • direct us to buy or sell securities • seek advice about your investment. We also collect your personal information from other companies.</td>
</tr>
<tr>
<td>Why can’t I limit all sharing?</td>
<td>Federal law gives you the right to limit only: • sharing for affiliates’ everyday business purposes – information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.</td>
</tr>
<tr>
<td>Definitions</td>
<td></td>
</tr>
<tr>
<td>Affiliates</td>
<td>Companies related by common ownership or control. They can be financial and nonfinancial companies. • Victory Capital Management Inc. and Victory Capital Advisers, Inc. are affiliates of one another because they are under indirect common control of Victory Capital Holdings, Inc.</td>
</tr>
<tr>
<td>Nonaffiliates</td>
<td>Companies not related by common ownership or control. They can be financial and nonfinancial companies. • Victory Capital does not share with nonaffiliates so they can market to you.</td>
</tr>
<tr>
<td>Joint Marketing</td>
<td>A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • Victory Capital does not jointly market.</td>
</tr>
<tr>
<td>Other Important Information</td>
<td>You may have other privacy protections under applicable state laws.</td>
</tr>
</tbody>
</table>
Proxy Policy

Policy H-12

Proxy Voting Policy

When Victory Capital Management Inc. (“Victory”) client accounts hold stock and Victory has an obligation to vote proxies for the stock, the voting authority will be exercised in accordance with:

- The direction and guidance, if any, provided by the document establishing the account relationship
- Principles of fiduciary law and Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. Both require Victory to act in the best interests of the account. In voting such stock, Victory will exercise the care, skill, prudence and diligence a prudent person would use, considering the aims, objectives, and guidance provided by the documents governing the account
- The guidelines listed in this policy, including the ISS Taft Hartley guidelines in Appendix A and the Victory public company guidelines in Appendix B

Victory votes client securities in the best interests of the client. In general, this entails voting client proxies with the objective of increasing the long-term economic value of client assets. In determining the best interests of the account, Victory considers, among other things, the effect of the proposal on the underlying value of the securities (including the effect on marketability of the securities and the effect of the proposal on future prospects of the issuer), the composition and effectiveness of the issuer's board of directors, the issuer's corporate governance practices, and the quality of communications from the issuer to its shareholders.

Where Victory has an obligation to vote client proxies:

- Reasonable efforts will be made to monitor and keep abreast of corporate actions
- All stock, whether by proxy or in person, will be voted, provided there is sufficient time and information available
- A written record of such voting will be maintained by Victory
- Non-routine proposals not covered by the guidelines or involving other special circumstances will be evaluated on a case-by-case basis with input from the appropriate Victory analyst(s) or portfolio manager(s).
- Victory's Proxy and Corporate Activities Committee (the “Proxy Committee”) will supervise the voting of client securities. In all cases, the ultimate voting decision and responsibility rests with the members of the Proxy Committee.
- Voting rights for securities that have been placed on loan by a client or a client’s custodian generally pass to the borrower, which may interfere with Victory's ability to vote on shareholder matters. In these circumstances Victory may be unable to act on specific proxy matters.

Statement of Corporate Governance

The voting rights associated with stock ownership are as valuable as any other financial assets. As such, they must be managed in the same manner. Victory has established voting guidelines that seek to protect these rights while attempting to maximize the value of the underlying securities.

Proxy Voting Procedure

The Proxy Committee determines how proxies will be voted. Decisions are based exclusively with the best interest of the client in mind.
Voting may be executed through administrative screening per established guidelines with oversight by the Proxy Committee or upon vote by a quorum of the Proxy Committee.

Victory’s portfolio managers opinions concerning the management and prospects of the issuer may be taken into account in determining whether a vote for or against a proposal is in the client’s best interests. Insufficient information, onerous requests or vague, ambiguous wording may indicate that a vote against a proposal is appropriate, even when the general principal appears to be reasonable.

The Proxy Committee is comprised of Victory employees who represent vital areas within the company and can provide a range of knowledge which enhances the committees decision making capabilities. Quorum exists when three voting committee members are either in attendance or participate remotely via video or teleconference. Approval is based on a majority of votes cast.

Victory has engaged ISS (Institutional Shareholder Services) to perform the administrative tasks of receiving proxies, proxy statements, and voting proxies in accordance with the Victory Proxy Policy. In no circumstances shall ISS have the authority to vote proxies except in accordance with standing or specific instructions given to it by Victory. Victory will perform annual testing of actual votes cast versus these policy guidelines to help insure that ballots are being voted per policy. ISS also performs regular proxy ballot reconciliations which compare client holdings to actual ballots received. ISS then provides Victory with periodic reports of any discrepancies identified during the reconciliation process. Victory is responsible for working with ISS and client custodians to resolve any discrepancies and insure that all client proxy ballots are voted.

Voting Guidelines

The following guidelines are intended to assist in voting proxies and are not to be considered rigid rules. The Proxy Committee is directed to apply these guidelines as appropriate. On occasion, however, a contrary vote may be warranted when such action is in the best interests of the account or if it is required under the documents governing the account.

The committee may also take into account independent third party, general industry guidance or other governance board review sources when making decisions. The committee may additionally seek guidance from other internal sources with special expertise on a given topic, where appropriate.

All Proxy Committee voting decisions will be documented.

The following is a discussion of selected proxy proposals which are considered periodically at annual meetings. Victory’s general position with regard to such proposals is also included.

International Proxy Voting

Victory will attempt to vote every proxy it receives for all international foreign proxies. However, there may be situations in which Victory may vote against, withhold a vote or cannot vote at all. For example, Victory may not receive a meeting notice in enough time to vote or Victory may not be able to obtain enough information to make a fully informed decision, in which case we will vote against.

In certain foreign jurisdictions, voting of proxies will result in the lockup of shares due to issues such as shareblocking or re-registration, impairing Victory's ability to trade those shares for several days. This could result in significant loss to the investor. Consequently, in those foreign jurisdictions which engage in this practice, Victory will generally refrain from proxy voting. Specifically, for shareblocking and re-registration, Victory will automatically Take No Action through a Do Not Vote instruction for ballots that would immobilize the shares. Victory has the option to override the automation if we become aware of a situation where we wish to vote and are not concerned with the short term inability to trade out of the position. In re-registration or shareblocking markets, where shares are not immobilized by voting instructions, ballots are voted per policy.
In other foreign jurisdictions, the determination by the Proxy Committee to vote, or refrain from voting proxies will take into consideration any additional costs to investors which may be incurred from the research and voting process. Finally, these guidelines will be applied in foreign markets taking into account local regulatory requirements, local corporate governance codes and local market best practices.

**Additional Topics**

Any issue not covered within the guidelines will be evaluated by the Proxy Committee on a case-by-case basis.

**Material Conflicts of Interest**

In the event a material conflict of interest arises between Victory’s interests and those of a client during the course of voting client’s proxies, the Proxy Committee shall:

- Vote the proxy in accordance with the Proxy Voting Guidelines unless such guidelines are judged by the Proxy Committee to be inapplicable to the proxy matter at issue
- In the event that the Proxy Voting Guidelines are inapplicable, determine whether a vote for, or against, the proxy is in the best interest of the client’s account
- Document the nature of the conflict and the rationale for the recommended vote
- Solicit the opinions of Victory’s Chief Compliance Officer, and if necessary the Chief Legal Officer, or their designee, or consult an internal or external, independent adviser
- Report to the Victory Capital Management Board any proxy votes that took place with a material conflict situation present, including the nature of the conflict and the basis or rationale for the voting decision made

If a member of the Proxy Committee has a personal conflict (e.g. family member on board of company) he/she will recuse themselves from voting.

**Recordkeeping**

In accordance with Rule 204-2(c)(2) under the Investment Advisers Act of 1940, as amended, Victory will retain the following records with respect to proxy voting:

- Copies of all policies and procedures required by Rule 206(4)-6
- A written record of votes cast on behalf of clients
- Any documents prepared by Victory or the Proxy Committee germane to the voting decision
- A copy of each written client request for information on how Victory voted proxies on such client’s behalf
- A copy of any written response by Victory to any written or verbal client request for information on how Victory voted such client’s proxies
Proxy Policy

Policy H-12

Routine/Miscellaneous

Adjourn Meeting
Generally vote AGAINST proposals to provide management with the authority to adjourn an annual or special meeting absent compelling reasons to support the proposal.
Vote FOR proposals that relate specifically to soliciting votes for a merger or transaction if supporting that merger or transaction. Vote AGAINST proposals if the wording is too vague or if the proposal includes "other business."

Amend Quorum Requirements
Vote AGAINST proposals to reduce quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling reasons to support the proposal.

Amend Minor Bylaws
Vote FOR bylaw or charter changes that are of a housekeeping nature (updates or corrections).

Change Company Name
Vote FOR proposals to change the corporate name.

Change Date, Time, or Location of Annual Meeting
Vote FOR management proposals to change the date, time, and/or location of the annual meeting unless the proposed change is unreasonable.
Vote AGAINST shareholder proposals to change the date, time, and/or location of the annual meeting unless the current scheduling or location is unreasonable.

Other Business
Vote AGAINST proposals to approve other business when it appears as voting item.

Audit-Related

Auditor Indemnification and Limitation of Liability
Consider the issue of auditor indemnification and limitation of liability CASE-BY-CASE. Factors to be assessed include, but are not limited to:

- The terms of the auditor agreement, the degree to which these agreements impact shareholders' rights
- Motivation and rationale for establishing the agreements
- Quality of disclosure
- Historical practices in the audit area

WITHHOLD or vote AGAINST members of an audit committee in situations where there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Auditor Ratification
Victory expects a company to have completed its due diligence on the auditors; therefore, selection is approved. However, in cases where auditors have failed to render accurate financial statements, votes are withheld. A favorable position is given to auditors who receive more compensation from their audit engagement than other services with the company.

Vote FOR the ratification of auditors.
However, vote AGAINST in cases where auditors have failed to render accurate financial statements or where non-audit fees exceed audit fees. Non-audit fees are excessive if:

- Non-audit ("other") fees > audit fees + audit-related fees + tax compliance/preparation fees

Tax compliance and preparation include the preparation of original and amended tax returns, refund claims and tax payment planning. All other services in the tax category, such as tax advice, planning or consulting should be added to "Other" fees. If the breakout of tax fees cannot be determined, add all tax fees to "Other" fees.

In circumstances where "Other" fees include fees related to significant one-time capital structure events: initial public offerings, bankruptcy emergence, and spin-offs; and the company makes public disclosure of the amount and nature of those fees which are an exception to the standard "non-audit fee" category, then such fees may be excluded from the non-audit fees considered in determining the ratio of non-audit to audit/audit-related fees/tax compliance and preparation for purposes of determining whether non-audit fees are excessive.

**Receiving and/or Approving Financial Reports (This is a non-US issue)**

Vote FOR approval of financial statements and director and auditor reports, unless:

- There are concerns about the accounts presented or audit procedures used
- The company is not responsive to shareholder questions about specific items that should be publicly disclosed

**Shareholder Proposals Limiting Non-Audit Services**

Vote CASE-BY-CASE on shareholder proposals asking companies to prohibit or limit their auditors from engaging in non-audit services.

**Shareholder Proposals on Audit Firm Rotation**

Vote CASE-BY-CASE on shareholder proposals asking for audit firm rotation, taking into account:

- The tenure of the audit firm
- The length of rotation specified in the proposal
- Any significant audit-related issues at the company
- The number of Audit Committee meetings held each year
- The number of financial experts serving on the committee
- Whether the company has a periodic renewal process where the auditor is evaluated for both audit quality and competitive price
Board of Directors

Voting on Director Nominees in Uncontested Elections

Votes on director nominees should be determined CASE-BY-CASE.

Four fundamental principles apply when determining votes on director nominees:

1. **Board Accountability**: Practices that promote accountability include: transparency into a company's governance practices; annual board elections; and providing shareholders the ability to remove problematic directors and to vote on takeover defenses or other charter/bylaw amendments. These practices help reduce the opportunity for management entrenchment.

2. **Board Responsiveness**: Directors should be responsive to shareholders, particularly in regard to shareholder proposals that receive a majority vote and to tender offers where a majority of shares are tendered. Furthermore, shareholders should expect directors to devote sufficient time and resources to oversight of the company.

3. **Director Independence**: Without independence from management, the board may be unwilling or unable to effectively set company strategy and scrutinize performance or executive compensation.

4. **Director Competence**: Companies should seek directors who can add value to the board through specific skills or expertise and who can devote sufficient time and commitment to serve effectively. While directors should not be constrained by arbitrary limits such as age or term limits, directors who are unable to attend board and committee meetings and/or who are overextended (i.e. serving on too many boards) raise concern on the director's ability to effectively serve in shareholders’ best interests.

**Board Accountability**

VOTE WITHHOLD/AGAINST\(^1\) the entire board of directors (except new nominees\(^2\), who should be considered CASE-BY-CASE), for the following:

*Problematic Takeover Defenses:*

**Classified board structure:**

The board is classified, and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a withhold/against vote recommendation is not up for election -- any or all appropriate nominees (except new) may be held accountable.

**Director Performance Evaluation:**

The board lacks accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one-, three- and five-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's operational metrics and other factors as warranted.

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\(^1\) In general, companies with a plurality vote standard use “Withhold” as the valid contrary vote option in director elections; companies with a majority vote standard use “Against”. However, it will vary by company and the proxy must be checked to determine the valid contrary vote option for the particular company.

\(^2\) A “new nominee” is any current nominee who has not already been elected by shareholders and who joined the board after the problematic action in question transpired. If Victory cannot determine whether the nominee joined the board before or after the problematic action transpired, the nominee will be considered a “new nominee” if he or she joined the board within the 12 months prior to the upcoming shareholder meeting.
Problematic provisions include but are not limited to:

- A classified board structure
- A supermajority vote requirement
- Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections
- The inability of shareholders to call special meetings
- The inability of shareholders to act by written consent
- A dual-class capital structure
- A non-shareholder-approved poison pill

Poison Pills:
The company has a poison pill that was not approved by shareholders. However, vote case-by-case on nominees if the board adopts an initial pill with a term of one year or less, depending on the disclosed rationale for the adoption, and other factors as relevant (such as a commitment to put any renewal to a shareholder vote).

The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval.

Restricting Binding Shareholder Proposals:
Generally vote against or withhold from members of the governance committee if the company’s charter imposes undue restrictions on shareholders’ ability to amend the bylaws. Such restrictions include, but are not limited to: outright prohibition on the submission of binding shareholder proposals, or share ownership requirements or time holding requirements in excess of SEC Rule 14a-8. Vote against on an ongoing basis.

Problematic Audit-Related Practices
Generally, vote AGAINST or WITHHOLD from the members of the Audit Committee if:

- The non-audit fees paid to the auditor are excessive (see discussion under “Auditor Ratification”)
- The company receives an adverse opinion on the company’s financial statements from its auditor
- There is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm

Vote CASE-BY-CASE on members of the Audit Committee and/or the full board if poor accounting practices are identified that rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures. Examine the severity, breadth, chronological sequence and duration, as well as the company’s efforts at remediation or corrective actions, in determining whether WITHHOLD/AGAINST votes are warranted.

Problematic Compensation Practices
In the absence of an Advisory Vote on Executive Compensation (Say on Pay) ballot item or in egregious situations, vote against or withhold from the members of the Compensation Committee and potentially the full board if:

- There is a significant misalignment between CEO pay and company performance
- The company maintains significant problematic pay practices
- The board exhibits a significant level of poor communication and responsiveness to shareholders
• The company fails to include a Say on Pay ballot item when required under SEC provisions, or under the company's declared frequency of say on pay or
• The company fails to include a Frequency of Say on Pay ballot item when required under SEC provisions

Generally vote against members of the board committee responsible for approving/setting non-employee director compensation if there is a pattern (i.e. two or more years) of awarding excessive non-employee director compensation without disclosing a compelling rationale or other mitigating factors.

Unilateral Bylaw/Chartter Amendments

Generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if the board amends the company's bylaws or charter without shareholder approval in a manner that materially diminishes shareholders' rights or that could adversely impact shareholders, considering the following factors:

• The board's rationale for adopting the bylaw/charter amendment without shareholder ratification
• Disclosure by the company of any significant engagement with shareholders regarding the amendment
• The level of impairment of shareholders' rights caused by the board's unilateral amendment to the bylaws/charter
• The board's track record with regard to unilateral board action on bylaw/charter amendments or other entrenchment provisions
• The company's ownership structure
• The company's existing governance provisions
• The timing of the board's amendment to the bylaws/charter in connection with a significant business development and,
• Other factors, as deemed appropriate, that may be relevant to determine the impact of the amendment on shareholders

For newly public companies, generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if, prior to or in connection with the company's public offering, the company or its board adopted bylaw or charter provisions materially adverse to shareholder rights, or implemented a multi-class capital structure in which the classes have unequal voting rights considering the following factors:

• The level of impairment of shareholders' rights
• The disclosed rationale
• The ability to change the governance structure (e.g., limitations on shareholders’ right to amend the bylaws or charter, or supermajority vote requirements to amend the bylaws or charter)
• The ability of shareholders to hold directors accountable through annual director elections, or whether the company has a classified board structure
• Any reasonable sunset provision and
• Other relevant factors

Unless the adverse provision and/or problematic capital structure is reversed or removed, vote case-by-case on director nominees in subsequent years. Unless the adverse provision is reversed or submitted to a vote of public shareholders, vote case-by-case on director nominees in subsequent years.

Governance Failures

Under extraordinary circumstances, vote AGAINST or WITHHOLD from directors individually, committee members, or the entire board, due to:
• Material failures of governance, stewardship, or fiduciary responsibilities at the company
• Failure to replace management as appropriate or
• Egregious actions related to the director(s’) service on other boards that raise substantial
doubt about his or her ability to effectively oversee management and serve the best interests
of shareholders at any company

Management Proposals to Ratify Existing Charter or Bylaw Provisions

Vote against/withhold from individual directors, members of the governance committee, or the full board,
where boards ask shareholders to ratify existing charter or bylaw provisions considering the following
factors:
• The presence of a shareholder proposal addressing the same issue on the same ballot;
• The board's rationale for seeking ratification;
• Disclosure of actions to be taken by the board should the ratification proposal fail;
• Disclosure of shareholder engagement regarding the board’s ratification request;
• The level of impairment to shareholders’ rights caused by the existing provision;
• The history of management and shareholder proposals on the provision at the company's past
meetings;
• Whether the current provision was adopted in response to the shareholder proposal;
• The company's ownership structure; and
• Previous use of ratification proposals to exclude shareholder proposals.

Generally vote against management proposals to ratify provisions of the company's existing charter or
bylaws, unless these governance provisions align with best practice. In addition, voting against/withhold
from individual directors, members of the governance committee, or the full board may be warranted,
considering:
• The presence of a shareholder proposal addressing the same issue on the same ballot;
• The board's rationale for seeking ratification;
• Disclosure of actions to be taken by the board should the ratification proposal fail;
• Disclosure of shareholder engagement regarding the board’s ratification request;
• The level of impairment to shareholders’ rights caused by the existing provision;
• The history of management and shareholder proposals on the provision at the company's past
meetings;
• Whether the current provision was adopted in response to the shareholder proposal;
• The company's ownership structure; and
• Previous use of ratification proposals to exclude shareholder proposals.

Board Responsiveness

Vote case-by-case on individual directors, committee members, or the entire board of directors as
appropriate if:

The board failed to act on a shareholder proposal that received the support of a majority of the shares
cast in the previous year or failed to act on a management proposal seeking to ratify an existing
charter/bylaw provision that received opposition of a majority of the shares cast in the previous year.
Factors that will be considered are:
• Disclosed outreach efforts by the board to shareholders in the wake of the vote
• Rationale provided in the proxy statement for the level of implementation
• The subject matter of the proposal
• The level of support for and opposition to the resolution in past meetings
• Actions taken by the board in response to the majority vote and its engagement with shareholders
• The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals) and
• Other factors as appropriate

The board failed to act on takeover offers where the majority of shares are tendered

At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote

The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency or

The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received a plurality, but not a majority, of the votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency, taking into account

• The board’s rationale for selecting a frequency that is different from the frequency that received a plurality
• The company's ownership structure and vote results
• Analysis of whether there are compensation concerns or a history of problematic compensation practices and
• The previous year's support level on the company’s say-on-pay proposal

Director Independence

Vote WITHHOLD/AGAINST Inside Directors and Affiliated Outside Directors (per the current Categorization of Directors) when:

• The inside or affiliated outside director serves on any of the three key committees: audit, compensation, or nominating
• The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee
• The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee
• The full board is less than majority independent

Director Competence

Attendance at Board and Committee Meetings

Generally vote AGAINST or WITHHOLD from directors (except new nominees\(^3\)) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing. Acceptable reasons for director absences are generally limited to the following:

• Medical issues/illness
• Family emergencies
• Missing only one meeting (when the total of all meetings is three or fewer)

\(^3\) New nominees who served for only part of the fiscal year are generally exempted from the attendance policy.
In cases of chronic poor attendance without reasonable justification, in addition to voting against the
director(s) with poor attendance, generally vote against or withhold from appropriate members of the
nominating/governance committees or the full board.

If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75
percent of the aggregate of his/her board and committee meetings during his/her period of service,
vote AGAINST or WITHHOLD from the director(s) in question.

**Overboarded Directors**

Vote AGAINST or WITHHOLD from individual directors who:

- Sit on more than five public company boards
- Are CEOs of public companies who sit on the boards of more than two public companies
  besides their own— withold only at their outside boards

**Other Board-Related Proposals**

**Age/Term Limits**

Vote AGAINST management and shareholder proposals to limit the tenure of outside directors through
mandatory retirement ages.

Vote AGAINST management proposals to limit the tenure of outside directors through term limits.
However, scrutinize boards where the average tenure of all directors exceeds 15 years for independence
from management and for sufficient turnover to ensure that new perspectives are being added to the
board.

**Board Size**

Vote FOR proposals seeking to fix the board size or designate a range for the board size.

Vote AGAINST proposals that give management the ability to alter the size of the board outside of a
specified range without shareholder approval.

**Classification/Declassification of the Board**

Vote AGAINST proposals to classify (stagger) the board.

Vote FOR proposals to repeal classified boards and to elect all directors annually.

**CEO Succession Planning**

Generally vote FOR proposals seeking disclosure on a CEO succession planning policy, considering at a
minimum, the following factors:

- The reasonableness/scope of the request; and
- The company’s existing disclosure on its current CEO succession planning process.

**Cumulative Voting**

Generally vote FOR proposals to eliminate cumulative voting.

Generally vote AGAINST shareholder proposals to restore or provide for cumulative voting.

**Director and Officer Indemnification and Liability Protection**

Vote CASE-BY-CASE on proposals on director and officer indemnification and liability protection using
Delaware law as the standard.

Vote AGAINST proposals that would:

- Eliminate entirely directors' and officers' liability for monetary damages for violating the duty of
care.
• Expand coverage beyond just legal expenses to liability for acts, such as negligence, that are more serious violations of fiduciary obligation than mere carelessness
• Expand the scope of indemnification to provide for mandatory indemnification of company officials in connection with acts that previously the company was permitted to provide indemnification for, at the discretion of the company's board (i.e., "permissive indemnification"), but that previously the company was not required to indemnify

Vote FOR only those proposals providing such expanded coverage in cases when a director’s or officer’s legal defense was unsuccessful if both of the following apply:
• If the director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company
• If only the director’s legal expenses would be covered

Establish/Amend Nominee Qualifications
Vote CASE-BY-CASE on proposals that establish or amend director qualifications. Votes should be based on the reasonableness of the criteria and to what degree they may preclude dissident nominees from joining the board.
Vote CASE-BY-CASE on shareholder resolutions seeking a director nominee candidate who possesses a particular subject matter expertise, considering:
• The company’s board committee structure, existing subject matter expertise, and board nomination provisions relative to that of its peers
• The company’s existing board and management oversight mechanisms regarding the issue for which board oversight is sought
• The company disclosure and performance relating to the issue for which board oversight is sought and any significant related controversies
• The scope and structure of the proposal

Establish other Board Committee Proposals
Generally vote AGAINST shareholder proposals to establish a new board committee.

Filling Vacancies/Removal of Directors
Vote AGAINST proposals that provide that directors may be removed only for cause.
Vote FOR proposals to restore shareholders’ ability to remove directors with or without cause.
Vote AGAINST proposals that provide that only continuing directors may elect replacements to fill board vacancies.
Vote FOR proposals that permit shareholders to elect directors to fill board vacancies.

Independent Chair (Separate Chair/CEO)
General Recommendation: Generally vote for shareholder proposals requiring that the chairman’s position be filled by an independent director, taking into consideration the following:
• The scope of the proposal
• The company's current board leadership structure
• The company's governance structure and practices
• Company performance
• Any other relevant factors that may be applicable
Regarding the scope of the proposal, consider whether the proposal is precatory or binding and whether the proposal is seeking an immediate change in the chairman role or the policy can be implemented at the next CEO transition.

Victory may support the proposal under the following scenarios absent a compelling rationale: the presence of an executive or non-independent chair in addition to the CEO; a recent recombination of the role of CEO and chair; and/or departure from a structure with an independent chair. Victory will also consider any recent transitions in board leadership and the effect such transitions may have on independent board leadership as well as the designation of a lead director role.

When considering the governance structure, Victory will consider the overall independence of the board, the independence of key committees, the establishment of governance guidelines, board tenure and its relationship to CEO tenure, and any other factors that may be relevant. Any concerns about a company's governance structure will weigh in favor of support for the proposal.

The review of the company's governance practices may include, but is not limited to poor compensation practices, material failures of governance and risk oversight, related-party transactions or other issues putting director independence at risk, corporate or management scandals, and actions by management or the board with potential or realized negative impact on shareholders. Any such practices may suggest a need for more independent oversight at the company thus warranting support of the proposal. Performance assessment will generally consider one-, three, and five-year TSR compared to the company's peers and the market as a whole. While poor performance will weigh in favor of the adoption of an independent chair policy, strong performance over the long-term will be considered a mitigating factor when determining whether the proposed leadership change warrants support.

**Majority of Independent Directors/Establishment of Independent Committees**

Vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold by Victory’s definition of independent outsider.

Vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

**Majority Vote Standard for the Election of Directors**

Vote AGAINST if the company already has a Resignation Policy in place, otherwise vote with stated policy.

Generally vote FOR management proposals to adopt a majority of votes cast standard for directors in uncontested elections. Vote AGAINST if no carve-out for plurality in contested elections is included.

Generally vote FOR precatory and binding shareholder resolutions requesting that the board change the company’s bylaws to stipulate that directors need to be elected with an affirmiative majority of votes cast, provided it does not conflict with the state law where the company is incorporated. Binding resolutions need to allow for a carve-out for a plurality vote standard when there are more nominees than board seats.

Companies are strongly encouraged to also adopt a post-election policy (also known as a director resignation policy) that will provide guidelines so that the company will promptly address the situation of a holdover director.

**Proxy Access (Open Access)**

Vote CASE-BY-CASE on shareholder proposals asking for open or proxy access, taking into account:

- The ownership threshold proposed in the resolution;
- The proponent’s rationale for the proposal at the targeted company in terms of board and director conduct.
In the case of candidates nominated pursuant to proxy access, vote case-by-case considering any applicable factors listed below, with reference to contested director elections, or additional factors which may be relevant, including those that are specific to the company, to the nominee(s) and/or to the nature of the election (such as whether or not there are more candidates than board seats).

- Long-term financial performance of the target company relative to its industry
- Management’s track record
- Background to the contested election
- Nominee qualifications and any compensatory arrangements
- Strategic plan of dissident slate and quality of critique against management
- Likelihood that the proposed goals and objectives can be achieved (both slates)
- Stock ownership positions

Require More Nominees than Open Seats

Vote AGAINST shareholder proposals that would require a company to nominate more candidates than the number of open board seats.

Shareholder Engagement Policy (Shareholder Advisory Committee)

Generally vote FOR shareholders proposals requesting that the board establish an internal mechanism/process, which may include a committee, in order to improve communications between directors and shareholders, unless the company has the following features, as appropriate:

- Established a communication structure that goes beyond the exchange requirements to facilitate the exchange of information between shareholders and members of the board
- Effectively disclosed information with respect to this structure to its shareholders
- Company has not ignored majority-supported shareholder proposals or a majority withhold vote on a director nominee
- The company has an independent chairman or a lead director, according to Victory’s definition. This individual must be made available for periodic consultation and direct communication with major shareholders

Proxy Contests- Voting for Director Nominees in Contested Elections

Internally reviewed on a CASE-BY-CASE basis.

Vote No Campaigns

In cases where companies are targeted in connection with public “vote no” campaigns, evaluate director nominees under the existing governance policies for voting on director nominees in uncontested elections. Take into consideration the arguments submitted by shareholders and other publicly available information.
Takeover Defenses and Related Actions
Anti-takeover statutes generally increase management's potential for insulating itself and warding off hostile takeovers that may be beneficial to shareholders. While it may be true that some boards use such devices to obtain higher bids and to enhance shareholder value, it is more likely that such provisions are used to entrench management.

Advance Notice Requirements for Shareholder Proposals/Nominations
Vote CASE-BY-CASE on advance notice proposals, giving support to those proposals which allow shareholders to submit proposals/nominations as close to the meeting date as reasonably possible and within the broadest window possible, recognizing the need to allow sufficient notice for company, regulatory and shareholder review.

To be reasonable, the company’s deadline for shareholder notice of a proposal/nominations must not be more than 60 days prior to the meeting, with a submittal window of at least 30 days prior to the deadline. The submittal window is the period under which a shareholder must file his proposal/nominations prior to the deadline.

In general, support additional efforts by companies to ensure full disclosure in regard to a proponent's economic and voting position in the company so long as the informational requirements are reasonable and aimed at providing shareholders with the necessary information to review such proposals.

Amend Bylaws without Shareholder Consent
Vote AGAINST proposals giving the board exclusive authority to amend the bylaws. Vote FOR proposals giving the board the ability to amend the bylaws in addition to shareholders.

Confidential Vote Tabulation/Confidential Voting
Victory Capital will evaluate shareholder proposals requesting confidential running vote tally proposals on a case-by-case basis taking into account the following factors:

Whether the policy allows the company to monitor the number of votes cast for purposes of achieving a quorum or to conduct solicitations for other proper purposes

Whether the enhanced confidential voting requirement applies to contested elections of directors or to contested proxy solicitations, which would put the company at a disadvantage relative to dissidents

Generally, vote FOR shareholder proposals requesting that corporations adopt confidential voting, use independent vote tabulators, and use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived.

Vote FOR management proposals to adopt confidential voting.

Control Share Acquisition Provisions
Control share acquisition statutes function by denying shares their voting rights when they contribute to ownership in excess of certain thresholds. Voting rights for those shares exceeding ownership limits may only be restored by approval of either a majority or supermajority of disinterested shares. Thus, control share acquisition statutes effectively require a hostile bidder to put its offer to a shareholder vote or risk voting disenfranchisement if the bidder continues buying up a large block of shares.
Vote FOR proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareholders.

Vote AGAINST proposals to amend the charter to include control share acquisition provisions.

Vote FOR proposals to restore voting rights to the control shares.

**Control Share Cash-Out Provisions**

Control share cash-out statutes give dissident shareholders the right to "cash-out" of their position in a company at the expense of the shareholder who has taken a control position. In other words, when an investor crosses a preset threshold level, remaining shareholders are given the right to sell their shares to the acquirer, who must buy them at the highest acquiring price.

Vote FOR proposals to opt out of control share cash-out statutes.

**Disgorgement Provisions**

Disgorgement provisions require an acquirer or potential acquirer of more than a certain percentage of a company's stock to disgorge, or pay back, to the company any profits realized from the sale of that company's stock purchased 24 months before achieving control status. All sales of company stock by the acquirer occurring within a certain period of time (between 18 months and 24 months) prior to the investor's gaining control status are subject to these recapture-of-profits provisions.

Vote FOR proposals to opt out of state disgorgement provisions.

**Equal Access Proposals**

Vote FOR proposals seeking equal access to proxies.

**Fair Price Provisions**

Vote CASE-BY-CASE on proposals to adopt fair price provisions (provisions that stipulate that an acquirer must pay the same price to acquire all shares as it paid to acquire the control shares), evaluating factors such as the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price.

Generally, vote AGAINST fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

**Freeze-Out Provisions**

Vote FOR proposals to opt out of state freeze-out provisions. Freeze-out provisions force an investor who surpasses a certain ownership threshold in a company to wait a specified period of time before gaining control of the company.

**Greenmail**

Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company. Since only the hostile party receives payment, usually at a substantial premium over the market value of its shares, the practice discriminates against all other shareholders.

Vote FOR proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.
Vote CASE-BY-CASE on anti-greenmail proposals when they are bundled with other charter or bylaw amendments.

**Litigation Rights (including Exclusive Venue and Fee-Shifting Bylaw Provisions)**

Bylaw provisions impacting shareholders’ ability to bring suit against the company may include exclusive venue provisions, which provide that the state of incorporation shall be the sole venue for certain types of litigation, and fee-shifting provisions that require a shareholder who sues a company unsuccessfully to pay all litigation expenses of the defendant corporation.

**General Recommendation:** Vote case-by-case on bylaws which impact shareholders’ litigation rights, taking into account factors such as:

- The company's stated rationale for adopting such a provision
- Disclosure of past harm from shareholder lawsuits in which plaintiffs were unsuccessful or shareholder lawsuits outside the jurisdiction of incorporation
- The breadth of application of the bylaw, including the types of lawsuits to which it would apply and the definition of key terms
- Governance features such as shareholders' ability to repeal the provision at a later date (including the vote standard applied when shareholders attempt to amend the bylaws) and their ability to hold directors accountable through annual director elections and a majority vote standard in uncontested elections

Generally vote against bylaws that mandate fee-shifting whenever plaintiffs are not completely successful on the merits (i.e., in cases where the plaintiffs are partially successful).

**Net Operating Loss (NOL) Protective Amendments**

Vote AGAINST proposals to adopt a protective amendment for the stated purpose of protecting a company's net operating losses ("NOLs") if the effective term of the protective amendment would exceed the shorter of three years and the exhaustion of the NOL.

Vote CASE-BY-CASE, considering the following factors, for management proposals to adopt an NOL protective amendment that would remain in effect for the shorter of three years (or less) and the exhaustion of the NOL:

- The ownership threshold (NOL protective amendments generally prohibit stock ownership transfers that would result in a new 5-percent holder or increase the stock ownership percentage of an existing 5-percent holder)
- The value of the NOLs
- Shareholder protection mechanisms (sunset provision or commitment to cause expiration of the protective amendment upon exhaustion or expiration of the NOL)
- The company's existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns
- Any other factors that may be applicable

**Poison Pills (Shareholder Rights Plans)**

**Shareholder Proposals to Put Pill to a Vote and/or Adopt a Pill Policy**

Vote FOR shareholder proposals requesting that the company submit its poison pill to a shareholder vote or redeem it UNLESS the company has: (1) A shareholder approved poison pill in place; or (2) The
Company has adopted a policy concerning the adoption of a pill in the future specifying that the board will only adopt a shareholder rights plan if either:

- Shareholders have approved the adoption of the plan, or
- The board, in its exercise of its fiduciary responsibilities, determines that it is in the best interest of shareholders under the circumstances to adopt a pill without the delay in adoption that would result from seeking stockholder approval (i.e., the “fiduciary out” provision). A poison pill adopted under this fiduciary out will be put to a shareholder ratification vote within 12 months of adoption or expire. If the pill is not approved by a majority of the votes cast on this issue, the plan will immediately terminate.

If the shareholder proposal calls for a time period of less than 12 months for shareholder ratification after adoption, vote FOR the proposal, but add the caveat that a vote within 12 months would be considered sufficient implementation.

Management Proposals to Ratify a Poison Pill

Vote CASE-BY-CASE on management proposals on poison pill ratification, focusing on the features of the shareholder rights plan. Rights plans should contain the following attributes:

- No lower than a 20% trigger, flip-in or flip-over
- A term of no more than three years
- No dead-hand, slow-hand, no-hand or similar feature that limits the ability of a future board to redeem the pill
- Shareholder redemption feature (qualifying offer clause); if the board refuses to redeem the pill 90 days after a qualifying offer is announced, 10 percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill

In addition, the rationale for adopting the pill should be thoroughly explained by the company. In examining the request for the pill, take into consideration the company’s existing governance structure, including: board independence, existing takeover defenses, and any problematic governance concerns.

Management Proposals to Ratify a Pill to Preserve Net Operating Losses (NOLs)

Vote AGAINST proposals to adopt a poison pill for the stated purpose of protecting a company’s net operating losses (“NOLs”) if the term of the pill would exceed the shorter of three years and the exhaustion of the NOL.

Vote CASE-BY-CASE on management proposals for poison pill ratification, considering the following factors, if the term of the pill would be the shorter of three years (or less) and the exhaustion of the NOL:

- The ownership threshold to transfer (NOL pills generally have a trigger slightly below 5 percent)
- The value of the NOLs
- Shareholder protection mechanisms (sunset provision, or commitment to cause expiration of the pill upon exhaustion or expiration of NOLs)
- The company’s existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns
- Any other factors that may be applicable
Reimbursing Proxy Solicitation Expenses

Vote CASE-BY-CASE on proposals to reimburse proxy solicitation expenses. When voting in conjunction with support of a dissident slate, vote FOR the reimbursement of all appropriate proxy solicitation expenses associated with the election.

Generally vote FOR shareholder proposals calling for the reimbursement of reasonable costs incurred in connection with nominating one or more candidates in a contested election where the following apply:

- The election of fewer than 50% of the directors to be elected is contested in the election
- One or more of the dissident’s candidates is elected
- Shareholders are not permitted to cumulate their votes for directors
- The election occurred, and the expenses were incurred, after the adoption of this bylaw.

Reincorporation Proposals

Management or shareholder proposals to change a company's state of incorporation should be evaluated CASE-BY-CASE, giving consideration to both financial and corporate governance concerns including the following:

- Reasons for reincorporation
- Comparison of company's governance practices and provisions prior to and following the reincorporation
- Comparison of corporation laws of original state and destination state

Vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

Shareholder Ability to Act by Written Consent

Generally vote AGAINST management and shareholder proposals to restrict or prohibit shareholders' ability to act by written consent.

Generally vote FOR management and shareholder proposals that provide shareholders with the ability to act by written consent, taking into account the following factors:

- Shareholders' current right to act by written consent
- The consent threshold
- The inclusion of exclusionary or prohibitive language
- Investor ownership structure
- Shareholder support of, and management's response to, previous shareholder proposals

Vote CASE-BY-CASE on shareholder proposals if, in addition to the considerations above, the company has the following governance and antitakeover provisions:

- An unfettered right for shareholders to call special meetings at a 10 percent threshold
- A majority vote standard in uncontested director elections
- No non-shareholder-approved pill
- An annually elected board

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4 "Unfettered" means no restrictions on agenda items, no restrictions on the number of shareholders who can group together to reach the 10 percent threshold, and only reasonable limits on when a meeting can be called: no greater than 30 days after the last annual meeting and no greater than 90 prior to the next annual meeting.
Shareholder Ability to Call Special Meetings

Vote AGAINST proposals restricting or eliminating shareholders’ right to call special meetings.

Vote FOR proposals allowing shareholders to call special meetings unless the company currently provides the right to call special meetings at a threshold of 25 percent, upon which Victory votes AGAINST.

Stakeholder Provisions

Vote AGAINST proposals that ask the board to consider non-shareholder constituencies or other non-financial effects when evaluating a merger or business combination.

State Antitakeover Statutes

Vote CASE-BY-CASE on proposals to opt in or out of state takeover statutes (including fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, and anti-greenmail provisions).

Supermajority Vote Requirements

Vote CASE-BY-CASE on proposals that request either the elimination/adoption of supermajority vote requirements or a decrease/increase in the supermajority threshold.

Generally, vote AGAINST proposals to require a supermajority shareholder vote.

Generally, vote FOR management or shareholder proposals to reduce supermajority vote requirements. However, for companies with shareholder(s) who have significant ownership levels, the proposal shall be further examined, taking into account:

- Ownership structure
- Quorum requirements
- Vote requirements
CAPITAL/RESTRUCTURING

The stewardship of a corporation's capital structure involves a number of important issues, including dividend policy, taxes, types of assets, opportunities for growth, ability to finance new projects internally, and the cost of obtaining additional capital. For the most part, these decisions are best left to the board and senior management of the firm. However, while a company's value depends more on its capital investment and operations than on how it is financed, many financing decisions have a significant impact on shareholders, particularly when they involve the issuance of additional common stock, preferred stock, or the assumption of additional debt. Additional equity financing, for example, may reduce an existing shareholder's ownership interest and can dilute the value of his investment. Shareholders must also be alert to potential anti-takeover mechanisms, which are often embedded in management's chosen financing vehicles.

Capital

Adjustments to Par Value of Common Stock

Vote FOR management proposals to reduce the par value of common stock unless the action is being taken to facilitate an anti-takeover device or some other negative corporate governance action

Vote FOR management proposals to eliminate par value.

Common Stock Authorization

Vote FOR proposals to increase the number of authorized common shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote AGAINST proposals at companies with more than one class of common stock to increase the number of authorized shares of the class of common stock that has superior voting rights.

Vote AGAINST proposals to increase the number of authorized common shares if a vote for a reverse stock split on the same ballot is warranted despite the fact that the authorized shares would not be reduced proportionally.

Vote FOR increases in authorized common stock, unless the increase is being used to thwart a takeover, upon which Victory votes AGAINST.

Vote AGAINST proposals that seek to permanently revoke or remove preemptive rights from shareholders.

Vote CASE-BY-CASE on all other proposals to increase the number of shares of common stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

- Past Board Performance:
  - The company's use of authorized shares during the last three years

- The Current Request:
  - Disclosure in the proxy statement of the specific purposes of the proposed increase
  - Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request
  - The dilutive impact of the request as determined by an allowable increase calculated by Victory (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns
Issue Stock for Use with Rights Plan
Vote AGAINST proposals that increase authorized common stock for the explicit purpose of implementing a non-shareholder-approved shareholder rights plan (poison pill).

Authority to Issue Additional Debt (This is a non-US issue)
Vote non-convertible debt issuance requests on a CASE-BY-CASE basis, with or without preemptive rights.

Vote FOR the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion is reasonable.

Vote FOR proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.

Preemptive Rights
Vote CASE-BY-CASE on shareholder proposals that seek preemptive rights, taking into consideration:
- The size of the company
- The shareholder base
- The liquidity of the stock

Preferred Stock Authorization
Vote FOR proposals to increase the number of authorized preferred shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote AGAINST proposals at companies with more than one class or series of preferred stock to increase the number of authorized shares of the class or series of preferred stock that has superior voting rights.

Vote CASE-BY-CASE on all other proposals to increase the number of shares of preferred stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:
- Past Board Performance:
  - The company's use of authorized preferred shares during the last three years
- The Current Request:
  - Disclosure in the proxy statement of the specific purposes for the proposed increase
  - Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request
  - In cases where the company has existing authorized preferred stock, the dilutive impact of the request as determined by an allowable increase calculated by Victory (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns
  - Whether the shares requested are blank check preferred shares that can be used for antitakeover purposes

Recapitalization Plans
Vote CASE-BY-CASE on recapitalizations (reclassifications of securities), taking into account the following:
- More simplified capital structure
- Enhanced liquidity
- Fairness of conversion terms
- Impact on voting power and dividends
• Reasons for the reclassification
• Conflicts of interest
• Other alternatives considered

Reverse Stock Splits
Vote FOR management proposals to implement a reverse stock split when the number of authorized shares will be proportionately reduced or the effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with common stock authorization guidelines.

Vote AGAINST proposals when there is not a proportionate reduction of authorized shares, unless:
• A stock exchange has provided notice to the company of a potential delisting
• The effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with Victory's Common Stock Authorization policy.

Share Repurchase Programs
Vote FOR management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

Stock Distributions: Splits and Dividends
Vote FOR management proposals to increase the common share authorization for a stock split or share dividend, provided that the increase in authorized shares equal to or less than the allowable increase calculated in accordance with Victory's Common Stock Authorization policy.

Tracking Stock
Vote CASE-BY-CASE on the creation of tracking stock, weighing the strategic value of the transaction against such factors as:
• Adverse governance changes
• Excessive increases in authorized capital stock
• Unfair method of distribution
• Diminution of voting rights
• Adverse conversion features
• Negative impact on stock option plans
• Alternatives such as spin-off

Restructuring

Appraisal Rights
Vote FOR proposals to restore or provide shareholders with rights of appraisal.

Asset Purchases
Vote CASE-BY-CASE on asset purchase proposals, considering the following factors:
• Purchase price
• Fairness opinion
• Financial and strategic benefits
• How the deal was negotiated
• Conflicts of interest
• Other alternatives for the business
• Non-completion risk

Asset Sales
Vote CASE-BY-CASE on asset sales, considering the following factors:
• Impact on the balance sheet/working capital
• Potential elimination of diseconomies
• Anticipated financial and operating benefits
• Anticipated use of funds
• Value received for the asset
• Fairness opinion
• How the deal was negotiated
• Conflicts of interest

Bundled Proposals

Vote CASE-BY-CASE on bundled or "conditional" proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the packaged items. In instances when the joint effect of the conditioned items is not in shareholders' best interests, vote AGAINST the proposals. If the combined effect is positive, support such proposals.

Conversion of Securities

Vote CASE-BY-CASE on proposals regarding conversion of securities. When evaluating these proposals the investor should review the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.

Vote FOR the conversion if it is expected that the company will be subject to onerous penalties or will be forced to file for bankruptcy if the transaction is not approved.

Corporate Reorganization/Debt Restructuring/Prepackaged Bankruptcy Plans/Reverse Leveraged Buyouts/Wrap Plans

Vote CASE-BY-CASE on proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan, after evaluating:
• Dilution to existing shareholders' positions
• Terms of the offer - discount/premium in purchase price to investor, including any fairness opinion; termination penalties; exit strategy
• Financial issues - company's financial situation, degree of need for capital, use of proceeds, effect of the financing on the company's cost of capital
• Management's efforts to pursue other alternatives
• Control issues - change in management, change in control, guaranteed board and committee seats, standstill provisions, voting agreements, veto power over certain corporate actions
• Conflict of interest - arm's length transaction, managerial incentives

Vote FOR the debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.

Formation of Holding Company

Vote CASE-BY-CASE on proposals regarding the formation of a holding company, taking into consideration the following:
• The reasons for the change
• Any financial or tax benefits
• Regulatory benefits
• Increases in capital structure
• Changes to the articles of incorporation or bylaws of the company
Absent compelling financial reasons to recommend the transaction, vote AGAINST the formation of a holding company if the transaction would include either of the following:

- Increases in common or preferred stock in excess of the allowable maximum (see discussion under “Capital”)
- Adverse changes in shareholder rights

**Going Private and Going Dark Transactions (LBOs and Minority Squeeze-outs)**

Vote CASE-BY-CASE on going private transactions, taking into account the following:

- Offer price/premium
- Fairness opinion
- How the deal was negotiated
- Conflicts of interest
- Other alternatives/offers considered
- Non-completion risk

Vote CASE-BY-CASE on going dark transactions, determining whether the transaction enhances shareholder value by taking into consideration:

- Whether the company has attained benefits from being publicly-traded (examination of trading volume, liquidity, and market research of the stock)
- Balanced interests of continuing vs. cashed-out shareholders, taking into account the following:
  - Are all shareholders able to participate in the transaction
  - Will there be a liquid market for remaining shareholders following the transaction
  - Does the company have strong corporate governance
  - Will insiders reap the gains of control following the proposed transaction
  - Does the state of incorporation have laws requiring continued reporting that may benefit shareholders

**Joint Ventures**

Vote CASE-BY-CASE on proposals to form joint ventures, taking into account the following:

- Percentage of assets/business contributed
- Percentage ownership
- Financial and strategic benefits
- Governance structure
- Conflicts of interest
- Other alternatives
- Non-completion risk

**Liquidations**

Vote CASE-BY-CASE on liquidations, taking into account the following:

- Management’s efforts to pursue other alternatives
- Appraisal value of assets
- The compensation plan for executives managing the liquidation

Vote FOR the liquidation if the company will file for bankruptcy if the proposal is not approved.
Mergers and Acquisitions

Vote CASE–BY- CASE on mergers and acquisitions. Review and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

- **Valuation** - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, emphasis is placed on the offer premium, market reaction and strategic rationale.

- **Market reaction** - How has the market responded to the proposed deal? A negative market reaction should cause closer scrutiny of a deal.

- **Strategic rationale** - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.

- **Negotiations and process** - Were the terms of the transaction negotiated at arm's-length? Was the process fair and equitable? A fair process helps to ensure the best price for shareholders. Significant negotiation "wins" can also signify the deal makers’ competency. The comprehensiveness of the sales process (e.g., full auction, partial auction, no auction) can also affect shareholder value.

- **Conflicts of interest** - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests. Consider whether these interests may have influenced these directors and officers to support or recommend the merger.

- **Governance** - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.

Private Placements/Warrants/Convertible Debentures

Vote CASE-BY-CASE on proposals regarding private placements, warrants, and convertible debentures taking into consideration:

- **Dilution to existing shareholders' position**: The amount and timing of shareholder ownership dilution should be weighed against the needs and proposed shareholder benefits of the capital infusion. Although newly issued common stock, absent preemptive rights, is typically dilutive to existing shareholders, share price appreciation is often the necessary event to trigger the exercise of "out of the money" warrants and convertible debt. In these instances from a value standpoint, the negative impact of dilution is mitigated by the increase in the company's stock price that must occur to trigger the dilutive event.

- **Terms of the offer**: The terms of the offer should be weighed against the alternatives of the company and in light of company's financial condition. Ideally, the conversion price for convertible debt and the exercise price for warrants should be at a premium to the then prevailing stock price at the time of private placement.

- **When evaluating the magnitude of a private placement discount or premium, consider factors that influence the discount or premium, such as, liquidity, due diligence costs, control and monitoring costs, capital scarcity, information asymmetry and anticipation of future performance.**
• Financial issues:
  • The company’s financial condition;
  • Degree of need for capital;
  • Use of proceeds;
  • Effect of the financing on the company's cost of capital;
  • Current and proposed cash burn rate;
  • Going concern viability and the state of the capital and credit markets.

• Management’s efforts to pursue alternatives and whether the company engaged in a process to evaluate alternatives: A fair, unconstrained process helps to ensure the best price for shareholders. Financing alternatives can include joint ventures, partnership, merger or sale of part or all of the company.

• Control issues:
  • Change in management;
  • Change in control;
  • Guaranteed board and committee seats;
  • Standstill provisions;
  • Voting agreements;
  • Veto power over certain corporate actions; and
  • Minority versus majority ownership and corresponding minority discount or majority control premium

• Conflicts of interest:
  • Conflicts of interest should be viewed from the perspective of the company and the investor.
  • Were the terms of the transaction negotiated at arm's length? Are managerial incentives aligned with shareholder interests?

• Market reaction:
  • The market's response to the proposed deal. A negative market reaction is a cause for concern. Market reaction may be addressed by analyzing the one day impact on the unaffected stock price.

Vote FOR the private placement, or FOR the issuance of warrants and/or convertible debentures in a private placement, if it is expected that the company will file for bankruptcy if the transaction is not approved.

Reorganization/Restructuring Plan (Bankruptcy)

Vote CASE-BY-CASE on proposals to common shareholders on bankruptcy plans of reorganization, considering the following factors including, but not limited to:

- Estimated value and financial prospects of the reorganized company;
- Percentage ownership of current shareholders in the reorganized company;
- Whether shareholders are adequately represented in the reorganization process (particularly through the existence of an Official Equity Committee);
- The cause(s) of the bankruptcy filing, and the extent to which the plan of reorganization addresses the cause(s);
- Existence of a superior alternative to the plan of reorganization; and
- Governance of the reorganized company.

Special Purpose Acquisition Corporations (SPACs)

Vote CASE-BY-CASE on SPAC mergers and acquisitions taking into account the following:
• Valuation – Is the value being paid by the SPAC reasonable? SPACs generally lack an independent fairness opinion and the financials on the target may be limited. Compare the conversion price with the intrinsic value of the target company provided in the fairness opinion. Also, evaluate the proportionate value of the combined entity attributable to the SPAC IPO shareholders versus the pre-merger value of SPAC. Additionally, a private company discount may be applied to the target, if it is a private entity.

• Market reaction – How has the market responded to the proposed deal? A negative market reaction may be a cause for concern. Market reaction may be addressed by analyzing the one-day impact on the unaffected stock price.

• Deal timing – A main driver for most transactions is that the SPAC charter typically requires the deal to be complete within 18 to 24 months, or the SPAC is to be liquidated. Evaluate the valuation, market reaction, and potential conflicts of interest for deals that are announced close to the liquidation date.

• Negotiations and process – What was the process undertaken to identify potential target companies within specified industry or location specified in charter? Consider the background of the sponsors.

• Conflicts of interest – How are sponsors benefiting from the transaction compared to IPO shareholders? Potential conflicts could arise if a fairness opinion is issued by the insiders to qualify the deal rather than a third party or if management is encouraged to pay a higher price for the target because of an 80% rule (the charter requires that the fair market value of the target is at least equal to 80% of net assets of the SPAC). Also, there may be sense of urgency by the management team of the SPAC to close the deal since its charter typically requires a transaction to be completed within the 18-24 month timeframe.

• Voting agreements – Are the sponsors entering into enter into any voting agreements/tender offers with shareholders who are likely to vote AGAINST the proposed merger or exercise conversion rights?

• Governance – What is the impact of having the SPAC CEO or founder on key committees following the proposed merger?

Special Purpose Acquisition Corporations (SPACs) – Proposals for Extensions

Vote case-by-case on SPAC extension proposals taking into account the length of the requested extension, the status of any pending transaction(s) or progression of the acquisition process, any added incentive for non-redeeming shareholders, and any prior extension requests.

• Length of request: Typically, extension requests range from two to six months, depending on the progress of the SPAC’s acquisition process.

• Pending transaction(s) or progression of the acquisition process: Sometimes an initial business combination was already put to a shareholder vote, but, for varying reasons, the transaction could not be consummated by the termination date and the SPAC is requesting an extension. Other times, the SPAC has entered into a definitive transaction agreement, but needs additional time to consummate or hold the shareholder meeting.

• Added incentive for non-redeeming shareholders: Sometimes the SPAC sponsor (or other insiders) will contribute, typically as a loan to the company, additional funds that will be added to the redemption value of each public share as long as such shares are not redeemed in connection with the extension request. The purpose of the “equity kicker” is to incentivize shareholders to hold their shares through the end of the requested extension or until the time the transaction is put to a shareholder vote, rather than electing redemption at the extension proposal meeting.

• Prior extension requests: Some SPACs request additional time beyond the extension period sought in prior extension requests.
Spin-offs

Vote CASE-BY-CASE on spin-offs, considering:

- Tax and regulatory advantages;
- Planned use of the sale proceeds;
- Valuation of spinoff;
- Fairness opinion;
- Benefits to the parent company;
- Conflicts of interest;
- Managerial incentives;
- Corporate governance changes;
- Changes in the capital structure.

Value Maximization Shareholder Proposals

Vote CASE-BY-CASE on shareholder proposals seeking to maximize shareholder value by:

- Hiring a financial advisor to explore strategic alternatives;
- Selling the company; or
- Liquidating the company and distributing the proceeds to shareholders.

These proposals should be evaluated based on the following factors:

- Prolonged poor performance with no turnaround in sight;
- Signs of entrenched board and management (such as the adoption of takeover defenses);
- Strategic plan in place for improving value;
- Likelihood of receiving reasonable value in a sale or dissolution; and
- The company actively exploring its strategic options, including retaining a financial advisor.
COMPENSATION

Executive Pay Evaluation

Executive pay remains a perennial hot button issue for shareholders, who want assurance that top management’s compensation is primarily performance-based, fair, and reasonable. Any evaluation of executive pay must recognize two underlying forces: an executive labor market, where executive pay packages result from negotiations in a war for talent, and an agency problem, where boards and shareholders try to align pay incentives with shareholder value creation.

Underlying all evaluations are five global principles that most investors expect corporations to adhere to in designing and administering executive and director compensation programs:

1. Maintain appropriate pay-for-performance alignment, with emphasis on long-term shareholder value: This principle encompasses overall executive pay practices, which must be designed to attract, retain, and appropriately motivate the key employees who drive shareholder value creation over the long term. It will take into consideration, among other factors, the link between pay and performance; the mix between fixed and variable pay; performance goals; and equity-based plan costs;
2. Avoid arrangements that risk “pay for failure”: This principle addresses the appropriateness of long or indefinite contracts, excessive severance packages, and guaranteed compensation;
3. Maintain an independent and effective compensation committee: This principle promotes oversight of executive pay programs by directors with appropriate skills, knowledge, experience, and a sound process for compensation decision-making (e.g., including access to independent expertise and advice when needed);
4. Provide shareholders with clear, comprehensive compensation disclosures: This principle underscores the importance of informative and timely disclosures that enable shareholders to evaluate executive pay practices fully and fairly;
5. Avoid inappropriate pay to non-executive directors: This principle recognizes the interests of shareholders in ensuring that compensation to outside directors does not compromise their independence and ability to make appropriate judgments in overseeing managers’ pay and performance. At the market level, it may incorporate a variety of generally accepted best practices.

Advisory Votes on Executive Compensation - Management Proposals (Management Say-on-Pay)

Evaluate executive pay and practices, as well as certain aspects of outside director compensation CASE-BY-CASE.

Vote AGAINST management say on pay (MSOP) proposals, AGAINST/WITHHOLD on compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO), and/or AGAINST an equity-based incentive plan proposal if:

- There is a misalignment between CEO pay and company performance (pay for performance)
- The company maintains problematic pay practices
- The board exhibits poor communication and responsiveness to shareholders.

Voting Alternatives

In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices—dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee. However, if there is no MSOP on the ballot, then the negative vote will apply to members of the compensation committee. In addition, in egregious cases, or if the board fails to respond to concerns raised by a prior MSOP proposal, then vote withhold or against compensation committee members (or, if the full board is deemed accountable, all directors). If the negative factors involve equity-based compensation, then vote AGAINST an equity-based plan proposal presented for shareholder approval.
Additional CASE-BY-CASE considerations for the management say on pay (MSOP) proposals:

- Evaluation of performance metrics in short-term and long-term plans, as discussed and explained in the Compensation Discussion & Analysis (CD&A). Consider the measures, goals, and target awards reported by the company for executives’ short- and long-term incentive awards: disclosure, explanation of their alignment with the company’s business strategy, and whether goals appear to be sufficiently challenging in relation to resulting payouts.
- Evaluation of peer group benchmarking used to set target pay or award opportunities. Consider the rationale stated by the company for constituents in its pay benchmarking peer group, as well as the benchmark targets it uses to set or validate executives’ pay (e.g., median, 75th percentile, etc.) to ascertain whether the benchmarking process is sound or may result in pay “ratcheting” due to inappropriate peer group constituents (e.g., much larger companies) or targeting (e.g., above median).
- Balance of performance-based versus non-performance-based pay. Consider the ratio of performance-based (not including plain vanilla stock options) vs. non-performance-based pay elements reported for the CEO’s latest reported fiscal year compensation, especially in conjunction with concerns about other factors such as performance metrics/goals, benchmarking practices, and pay-for-performance disconnects.

Primary Evaluation Factors for Executive Pay

**Pay for Performance**

Evaluate the alignment of the CEO’s pay with performance over time, focusing particularly on companies that have underperformed their peers over a sustained period. From a shareholders’ perspective, performance is predominantly gauged by the company’s stock performance over time. Even when financial or operational measures are utilized in incentive awards, the achievement related to these measures should ultimately translate into superior shareholder returns in the long-term.

Focus on companies with sustained underperformance relative to peers, considering the following key factors:

- Whether a company’s one-year and three-year total shareholder returns (“TSR”) are in the bottom half of its industry group (i.e., four-digit GICS – Global Industry Classification Group).
- Whether the total compensation of a CEO who has served at least two consecutive fiscal years is aligned with the company’s total shareholder return over time, including both recent and long-term periods.

If a company falls in the bottom half of its four-digit GICS, further analysis of the CD&A is required to better understand the various pay elements and whether they create or reinforce shareholder alignment. Also assess the CEO’s pay relative to the company’s TSR over a time horizon of at least five years. The most recent year-over-year increase or decrease in pay remains a key consideration, but there will be additional emphasis on the long term trend of CEO total compensation relative to shareholder return. Also consider the mix of performance-based compensation relative to total compensation. In general, standard stock options or time-vested restricted stock are not considered to be performance-based. If a company provides performance-based incentives to its executives, the company is highly encouraged to provide the complete disclosure of the performance measure and goals (hurdle rate) so that shareholders can assess the rigor of the performance program. The use of non-GAAP financial metrics also makes it very challenging for shareholders to ascertain the rigor of the program as shareholders often cannot tell the type of adjustments being made and if the adjustments were made consistently. Complete and transparent disclosure helps shareholders to better understand the company’s pay for performance linkage.

**Problematic Pay Practices**

If the company maintains problematic pay practices, generally vote:
• AGAINST management “say on pay” (MSOP) proposals;
• AGAINST/WITHHOLD on compensation committee members (or in rare cases where the full board is deemed responsible, all directors including the CEO):
  - In egregious situations;
  - When no MSOP item is on the ballot; or
  - When the board has failed to respond to concerns raised in prior MSOP evaluations; and/or
• AGAINST an equity incentive plan proposal if excessive non-performance-based equity awards are the major contributors to a pay-for-performance misalignment.

The focus is on executive compensation practices that contravene the global pay principles, including:

• Problematic practices related to non-performance-based compensation elements;
• Incentives that may motivate excessive risk-taking; and
• Options Backdating.

Problematic Pay Practices related to Non-Performance-Based Compensation Elements

Pay elements that are not directly based on performance are generally evaluated CASE-BY-CASE considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. The list below highlights the problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

• Repricing or replacing of underwater stock options/SARS without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
• Excessive perquisites or tax gross-ups, including any gross-up related to a secular trust or restricted stock vesting;
• New or extended agreements that provide for:
  - CIC payments exceeding 3 times base salary and average/target/most recent bonus
  - CIC severance payments without involuntary job loss or substantial diminution of duties (“single” or “modified single” triggers)
  - CIC payments with excise tax gross-ups (including "modified" gross-ups)

Insufficient Executive Compensation Disclosure by Externally Managed Issuers (EMIs)

For externally-managed issuers (EMIs), generally vote against the say-on-pay proposal when insufficient compensation disclosure precludes a reasonable assessment of pay programs and practices applicable to the EMI's executives.

Incentives that may Motivate Excessive Risk-Taking

Assess company policies and disclosure related to compensation that could incentivize excessive risk-taking, for example:

• Multi-year guaranteed bonuses
• A single performance metric used for short- and long-term plans
• Lucrative severance packages
• High pay opportunities relative to industry peers;
• Disproportionate supplemental pensions
• Mega annual equity grants that provide unlimited upside with no downside risk

Factors that potentially mitigate the impact of risky incentives include rigorous claw-back provisions and robust stock ownership/holding guidelines.
Options Backdating

Vote CASE-BY-CASE on options backdating issues. Generally, when a company has recently practiced options backdating, WITHHOLD from or vote AGAINST the compensation committee, depending on the severity of the practices and the subsequent corrective actions on the part of the board. When deciding on votes on compensation committee members who oversaw questionable options grant practices or current compensation committee members who fail to respond to the issue proactively, consider several factors, including, but not limited to, the following:

- Reason and motive for the options backdating issue, such as inadvertent vs. deliberate grant date changes;
- Duration of options backdating;
- Size of restatement due to options backdating;
- Corrective actions taken by the board or compensation committee, such as canceling or re-pricing backdated options, the recouping of option gains on backdated grants; and
- Adoption of a grant policy that prohibits backdating, and creates a fixed grant schedule or window period for equity grants in the future.

A CASE-BY-CASE analysis approach allows distinctions to be made between companies that had “sloppy” plan administration versus those that acted deliberately and/or committed fraud, as well as those companies that subsequently took corrective action. Cases where companies have committed fraud are considered most egregious.

Board Communications and Responsiveness

Consider the following factors CASE-BY-CASE when evaluating ballot items related to executive pay:

- Poor disclosure practices, including:
  - Unclear explanation of how the CEO is involved in the pay setting process
  - Retrospective performance targets and methodology not discussed
  - Methodology for benchmarking practices and/or peer group not disclosed and explained
- Board’s responsiveness to investor input and engagement on compensation issues, for example:
  - Failure to respond to majority-supported shareholder proposals on executive pay topics
  - Failure to respond to concerns raised in connection with significant opposition to MSOP proposals

Frequency of Advisory Vote on Executive Compensation ("Say When on Pay")

Vote FOR annual advisory votes on compensation, which provide the most consistent and clear communication channel for shareholder concerns about companies’ executive pay programs.

Voting on Golden Parachutes in an Acquisition, Merger, Consolidation, or Proposed Sale

Vote CASE-BY-CASE on say on Golden Parachute proposals, including consideration of existing change-in-control arrangements maintained with named executive officers rather than focusing primarily on new or extended arrangements.

Features that may result in an AGAINST recommendation include one or more of the following, depending on the number, magnitude, and/or timing of issue(s):

- Single- or modified-single-trigger cash severance
• Single-trigger acceleration of unvested equity awards
• Excessive cash severance (>3x base salary and bonus)
• Excise tax gross-ups triggered and payable (as opposed to a provision to provide excise tax
gross-ups)
• Excessive golden parachute payments (on an absolute basis or as a percentage of
transaction equity value)
• Recent amendments that incorporate any problematic features (such as those above) or
recent actions (such as extraordinary equity grants) that may make packages so attractive as
to influence merger agreements that may not be in the best interests of shareholders
• The company's assertion that a proposed transaction is conditioned on shareholder approval
of the golden parachute advisory vote

Recent amendment(s) that incorporate problematic features will tend to carry more weight on the overall
analysis. However, the presence of multiple legacy problematic features will also be closely scrutinized.
In cases where the golden parachute vote is incorporated into a company's advisory vote on
compensation (management say-on-pay), Victory Capital will evaluate the say-on-pay proposal in
accordance with these guidelines, which may give higher weight to that component of the overall
evaluation.

Equity-Based and Other Incentive Plans

**General Recommendation:** Vote case-by-case on certain equity-based compensation plans\(^5\) depending
on a combination of certain plan features and equity grant practices, where positive factors may
counterbalance negative factors, and vice versa, as evaluated using an "equity plan scorecard" (EPSC)
approach with three pillars:

- **Plan Cost:** The total estimated cost of the company’s equity plans relative to industry/market
cap peers, measured by the company’s estimated Shareholder Value Transfer (SVT) in
relation to peers and considering both:
  - SVT based on new shares requested plus shares remaining for future grants, plus
    outstanding unvested/unexercised grants
  - SVT based only on new shares requested plus shares remaining for future grants

- **Plan Features:**
  - Automatic single-triggered award vesting upon a change in control (CIC)
  - Discretionary vesting authority
  - Liberal share recycling on various award types
  - Lack of minimum vesting period for grants made under the plan

- **Grant Practices:**
  - The company’s three year burn rate relative to its industry/market cap peers
  - Vesting requirements in most recent CEO equity grants (3-year look-back)
  - The estimated duration of the plan (based on the sum of shares remaining available and
    the new shares requested, divided by the average annual shares granted in the prior
    three years)
  - The proportion of the CEO’s most recent equity grants/awards subject to performance
    conditions
  - Whether the company maintains a claw-back policy
  - Whether the company has established post exercise/vesting share-holding requirements

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\(^5\) Proposals evaluated under the EPSC policy generally include those to approve or amend (1) stock option plans for
employees and/or employees and directors, (2) restricted stock plans for employees and/or employees and
directors, and (3) omnibus stock incentive plans for employees and/or employees and directors.
Generally vote against the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders’ interests, or if any of the following egregious factors apply:

- Awards may vest in connection with a liberal change-of-control definition
- The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies - or by not prohibiting it when the company has a history of repricing – for non-listed companies)
- The plan is a vehicle for problematic pay practices or a significant pay-for-performance disconnect under certain circumstances
- Any other plan features are determined to have a significant negative impact on shareholder interests

**Plan Cost**

**General Recommendation:** Generally vote against equity plans if the cost is unreasonable. For non-employee director plans, vote for the plan if certain factors are met (see Director Compensation section).

**Shareholder Value Transfer (SVT)**

The cost of the equity plans is expressed as Shareholder Value Transfer (SVT), which is measured using a binomial option pricing model that assesses the amount of shareholders’ equity flowing out of the company to employees and directors. SVT is expressed as both a dollar amount and as a percentage of market value, and includes the new shares proposed, shares available under existing plans, and shares granted but unexercised (using two measures, in the case of plans subject to the Equity Plan Scorecard evaluation, as noted above). All award types are valued. For omnibus plans, unless limitations are placed on the most expensive types of awards (for example, full value awards), the assumption is made that all awards to be granted will be the most expensive types. See discussion of specific types of awards.

Except for proposals subject to Equity Plan Scorecard evaluation, Shareholder Value Transfer is reasonable if it falls below a company-specific benchmark. The benchmark is determined as follows: The top quartile performers in each industry group (using the Global Industry Classification Standard: GICS) are identified. Benchmark SVT levels for each industry are established based on these top performers’ historic SVT. Regression analyses are run on each industry group to identify the variables most strongly correlated to SVT. The benchmark industry SVT level is then adjusted upwards or downwards for the specific company by plugging the company-specific performance measures, size and cash compensation into the industry cap equations to arrive at the company’s benchmark.⁶

**Grant Practices**

**Three-Year Burn Rate**

Burn rate benchmarks (utilized in Equity Plan Scorecard evaluations) are calculated as the greater of: (1) the mean (μ) plus one standard deviation (σ) of the company’s GICS group segmented by S&P 500, Russell 3000 index (less the S&P500) and non-Russell 3000 index; and (2) two percent of weighted common shares outstanding. In addition, year-over-year burn-rate benchmark changes will be limited to a maximum of two (2) percentage points plus or minus the prior year’s burn-rate benchmark.

**Egregious Factors**

**Liberal Change in Control Definition**

Generally vote against equity plans if the plan has a liberal definition of change in control and the equity awards could vest upon such liberal definition of change-in-control, even though an actual change in control may not occur. Examples of such a definition include, but are not limited to, announcement or

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⁶ For plans evaluated under the Equity Plan Scorecard policy, the company’s SVT benchmark is considered along with other factors.
commencement of a tender offer, provisions for acceleration upon a “potential” takeover, shareholder approval of a merger or other transactions, or similar language.

**Repricing Provisions**

Vote against plans that expressly permit the repricing or exchange of underwater stock options/stock appreciate rights (SARs) without prior shareholder approval. "Repricing" includes the ability to do any of the following:

- Amend the terms of outstanding options or SARs to reduce the exercise price of such outstanding options or SARs
- Cancel outstanding options or SARs in exchange for options or SARs with an exercise price that is less than the exercise price of the original options or SARs

Also, vote against or withhold from members of the Compensation Committee who approved and/or implemented a repricing or an option/SAR exchange program, by buying out underwater options/SARs for stock, cash or other consideration or canceling underwater options/SARs and regranting options/SARs with a lower exercise price, without prior shareholder approval, even if such repricings are allowed in their equity plan.

Vote against plans if the company has a history of repricing without shareholder approval, and the applicable listing standards would not preclude them from doing so.

**Problematic Pay Practices or Significant Pay-for-Performance Disconnect**

If the equity plan on the ballot is a vehicle for problematic pay practices, vote against the plan.

If a significant portion of the CEO’s misaligned pay is attributed to non-performance-based equity awards, and there is an equity plan on the ballot with the CEO as one of the participants, Victory vote against the equity plan. Considerations in voting against the equity plan may include, but are not limited to:

- Magnitude of pay misalignment
- Contribution of non–performance-based equity grants to overall pay
- The proportion of equity awards granted in the last three fiscal years concentrated at the named executive officer level

**Specific Treatment of Certain Award Types in Equity Plan Evaluations:**

**Dividend Equivalent Rights**

Options that have Dividend Equivalent Rights (DERs) associated with them will have a higher calculated award value than those without DERs under the binomial model, based on the value of these dividend streams. The higher value will be applied to new shares, shares available under existing plans, and shares awarded but not exercised per the plan specifications. DERS transfer more shareholder equity to employees and non-employee directors and this cost should be captured.

**Operating Partnership (OP) units in Equity Plan analysis of Real Estate Investment Trusts (REITs)**

For Real Estate Investment Trusts (REITS), include the common shares issuable upon conversion of outstanding Operating Partnership (OP) units in the share count for the purposes of determining: (1) market capitalization in the Shareholder Value Transfer (SVT) analysis and (2) shares outstanding in the burn rate analysis.
Other Compensation Plans

401(k) Employee Benefit Plans

Vote FOR proposals to implement a 401(k) savings plan for employees.

Employee Stock Ownership Plans (ESOPs)

Vote FOR proposals to implement an ESOP or increase authorized shares for existing ESOPs, unless the number of shares allocated to the ESOP is excessive (more than five percent of outstanding shares).

Employee Stock Purchase Plans--Qualified Plans

Vote CASE-BY-CASE on qualified employee stock purchase plans. Vote FOR employee stock purchase plans where all of the following apply:
- Purchase price is at least 85 percent of fair market value
- Offering period is 27 months or less
- The number of shares allocated to the plan is ten percent or less of the outstanding shares

Vote AGAINST qualified employee stock purchase plans where any of the following apply:
- Purchase price is less than 85 percent of fair market value
- Offering period is greater than 27 months
- The number of shares allocated to the plan is more than ten percent of the outstanding shares

Employee Stock Purchase Plans--Non-Qualified Plans

Vote CASE-BY-CASE on nonqualified employee stock purchase plans. Vote FOR nonqualified employee stock purchase plans with all the following features:
- Broad-based participation (i.e., all employees of the company with the exclusion of individuals with 5 percent or more of beneficial ownership of the company)
- Limits on employee contribution, which may be a fixed dollar amount or expressed as a percent of base salary
- Company matching contribution up to 25 percent of employee’s contribution, which is effectively a discount of 20 percent from market value
- No discount on the stock price on the date of purchase since there is a company matching contribution

Vote AGAINST nonqualified employee stock purchase plans when any of the plan features do not meet the above criteria. If the company matching contribution exceeds 25 percent of employee’s contribution, evaluate the cost of the plan against its allowable cap.

Incentive Bonus Plans and Tax Deductibility Proposals (OBRA-Related Compensation Proposals)

Vote FOR proposals that simply amend shareholder-approved compensation plans to include administrative features or place a cap on the annual grants any one participant may receive to comply with the provisions of Section 162(m) of the Internal Revenue Code.

Vote FOR proposals to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) unless they are clearly inappropriate.

Votes to amend existing plans to increase shares reserved and to qualify for favorable tax treatment under the provisions of Section 162(m) are considered CASE-BY-CASE.

Generally vote FOR cash or cash and stock bonus plans that are submitted to shareholders for the purpose of exempting compensation from taxes under the provisions of Section 162(m) if no increase in shares is requested.
Vote AGAINST proposals if the compensation committee does not fully consist of independent outsiders, or if the plan contains excessive problematic provisions.

**Option Exchange Programs/Repricing Options**

Vote AGAINST proposals seeking the authority to reprice options.

Vote AGAINST proposals seeking to approve an option exchange program.

**Stock Plans in Lieu of Cash**

Vote CASE-BY-CASE on plans that provide participants with the option of taking all or a portion of their cash compensation in the form of stock.

Vote FOR non-employee director-only equity plans that provide a dollar-for-dollar cash-for-stock exchange.

Vote CASE-BY-CASE on plans which do not provide a dollar-for-dollar cash for stock exchange. In cases where the exchange is not dollar-for-dollar, the request for new or additional shares for such equity program will be considered using the binomial option pricing model. In an effort to capture the total cost of total compensation, Victory will not make any adjustments to carve out the in-lieu-of cash compensation.

**Shareholder Ratification of Director Pay Programs**

Vote case-by-case on management proposals seeking ratification of non-employee director compensation, based on the following factors:

- If the equity plan under which non-employee director grants are made is on the ballot, whether or not it warrants support; and
- An assessment of the following qualitative factors:
  - The relative magnitude of director compensation as compared to companies of a similar profile
  - The presence of problematic pay practices relating to director compensation
  - Director stock ownership guidelines and holding requirements
  - Equity award vesting schedules
  - The mix of cash and equity-based compensation
  - Meaningful limits on director compensation
  - The availability of retirement benefits or perquisites
  - The quality of disclosure surrounding director compensation

**Transfer Stock Option (TSO) Programs**

One-time Transfers: Vote AGAINST or WITHHOLD from compensation committee members if they fail to submit one-time transfers to shareholders for approval.

Vote CASE-BY-CASE on one-time transfers. Vote FOR if:

- Executive officers and non-employee directors are excluded from participating
- Stock options are purchased by third-party financial institutions at a discount to their fair value using option pricing models such as Black-Scholes or a Binomial Option Valuation or other appropriate financial models
- There is a two-year minimum holding period for sale proceeds (cash or stock) for all participants
Additionally, management should provide a clear explanation of why options are being transferred to a third-party institution and whether the events leading up to a decline in stock price were beyond management's control. A review of the company's historic stock price volatility should indicate if the options are likely to be back “in-the-money” over the near term.

Ongoing TSO program: Vote AGAINST equity plan proposals if the details of ongoing TSO programs are not provided to shareholders. Since TSOs will be one of the award types under a stock plan, the ongoing TSO program, structure and mechanics must be disclosed to shareholders. The specific criteria to be considered in evaluating these proposals include, but not limited, to the following:

- Eligibility
- Vesting
- Bid-price
- Term of options
- Cost of the program and impact of the TSOs on company’s total option expense
- Option repricing policy

Amendments to existing plans that allow for introduction of transferability of stock options should make clear that only options granted post-amendment shall be transferable.

**Director Compensation**

**Equity Plans for Non-Employee Directors**

Vote CASE-BY-CASE on compensation plans for non-employee directors, based on the following factors:

- The total estimated cost of the company’s equity plans relative to industry/market cap peers, measured by the company’s estimated Shareholder Value Transfer (SVT) based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants
- The company’s three-year burn rate relative to its industry/market cap peers
- The presence of any egregious plan features (such as an option repricing provision or liberal CIC vesting risk).

On occasion, director stock plans will exceed the plan cost or burn rate benchmarks when combined with employee or executive stock plans. In such cases, vote case-by-case on the plan taking into consideration the following qualitative factors:

- The relative magnitude of director compensation as compared to companies of a similar profile
- The presence of problematic pay practices relating to director compensation
- Director stock ownership guidelines and holding requirements
- Equity award vesting schedules
- The mix of cash and equity-based compensation
- Meaningful limits on director compensation
- The availability of retirement benefits or perquisites
- The quality of disclosure surrounding director compensation

**Director Retirement Plans**

Vote AGAINST retirement plans for non-employee directors.

Vote FOR shareholder proposals to eliminate retirement plans for non-employee directors.
Shareholder Proposals on Compensation

Advisory Vote on Executive Compensation (Say-on-Pay)
Generally, vote FOR shareholder proposals that call for non-binding shareholder ratification of the compensation of the Named Executive Officers and the accompanying narrative disclosure of material factors provided to understand the Summary Compensation Table.

Adopt Anti-Hedging/Pledging/Speculative Investments Policy
Generally vote FOR proposals seeking a policy that prohibits named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging stock as collateral for a loan. However, the company’s existing policies regarding responsible use of company stock will be considered.

Bonus Banking/Bonus Banking “Plus”
Vote CASE-BY-CASE on proposals seeking deferral of a portion of annual bonus pay, with ultimate payout linked to sustained results for the performance metrics on which the bonus was earned (whether for the named executive officers or a wider group of employees), taking into account the following factors:

- The company’s past practices regarding equity and cash compensation;
- Whether the company has a holding period or stock ownership requirements in place, such as a meaningful retention ratio (at least 50 percent for full tenure); and
- Whether the company has a rigorous claw-back policy in place.

Compensation Consultants- Disclosure of Board or Company’s Utilization
Generally vote FOR shareholder proposals seeking disclosure regarding the Company, Board, or Compensation Committee’s use of compensation consultants, such as company name, business relationship(s) and fees paid.

Disclosure/Setting Levels or Types of Compensation for Executives and Directors
Generally, vote FOR shareholder proposals seeking additional disclosure of executive and director pay information, provided the information requested is relevant to shareholders’ needs, would not put the company at a competitive disadvantage relative to its industry, and is not unduly burdensome to the company.

Vote AGAINST shareholder proposals seeking to set absolute levels on compensation or otherwise dictate the amount or form of compensation.

Vote AGAINST shareholder proposals seeking to eliminate stock options or any other equity grants to employees or directors.

Vote AGAINST shareholder proposals requiring director fees be paid in stock only.

Generally vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board.

Vote CASE-BY-CASE on all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long-term corporate outlook.
Golden Coffins/Executive Death Benefits

Generally vote FOR proposals calling companies to adopt a policy of obtaining shareholder approval for any future agreements and corporate policies that could oblige the company to make payments or awards following the death of a senior executive in the form of unearned salary or bonuses, accelerated vesting or the continuation in force of unvested equity grants, perquisites and other payments or awards made in lieu of compensation. This would not apply to any benefit programs or equity plan proposals that the broad-based employee population is eligible.

Hold Equity Past Retirement or for a Significant Period of Time

Vote CASE-BY-CASE on shareholder proposals asking companies to adopt policies requiring senior executive officers to retain all or a significant portion of the shares acquired through compensation plans, either:

- while employed and/or for two years following the termination of their employment
- for a substantial period following the lapse of all other vesting requirements for the award ("lock-up period"), with ratable release of a portion of the shares annually during the lock-up period

The following factors will be taken into account:

- Whether the company has any holding period, retention ratio, or officer ownership requirements in place. These should consist of:
  - Rigorous stock ownership guidelines
  - A holding period requirement coupled with a significant long-term ownership requirement
  - A meaningful retention ratio

- Actual officer stock ownership and the degree to which it meets or exceeds the proponent’s suggested holding period/retention ratio or the company’s own stock ownership or retention requirements;
- Post-termination holding requirement policies or any policies aimed at mitigating risk taking by senior executives;
- Problematic pay practices, current and past, which may promote a short-term versus a long-term focus.

A rigorous stock ownership guideline should be at least 10x base salary for the CEO, with the multiple declining for other executives. A meaningful retention ratio should constitute at least 50 percent of the stock received from equity awards (on a net proceeds basis) held on a long-term basis, such as the executive’s tenure with the company or even a few years past the executive’s termination with the company.

Vote CASE-BY-CASE on shareholder proposals asking companies to adopt policies requiring Named Executive Officers to retain 75% of the shares acquired through compensation plans while employed and/or for two years following the termination of their employment, and to report to shareholders regarding this policy. The following factors will be taken into account:

- Whether the company has any holding period, retention ratio, or officer ownership requirements in place. These should consist of:
  - Rigorous stock ownership guidelines
  - A holding period requirement coupled with a significant long-term ownership requirement
  - A meaningful retention ratio
• Actual officer stock ownership and the degree to which it meets or exceeds the proponent’s suggested holding period/retention ratio or the company’s own stock ownership or retention requirements.

• Problematic pay practices, current and past, which may promote a short-term versus a long-term focus.

A rigorous stock ownership guideline should be at least 10x base salary for the CEO, with the multiple declining for other executives. A meaningful retention ratio should constitute at least 50 percent of the stock received from equity awards (on a net proceeds basis) held on a long-term basis, such as the executive’s tenure with the company or even a few years past the executive’s termination with the company.

Generally vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. While Victory favors stock ownership on the part of directors, the company should determine the appropriate ownership requirement.

Non-Deductible Compensation

Generally vote FOR proposals seeking disclosure of the extent to which the company paid non-deductible compensation to senior executives due to Internal Revenue Code Section 162(m), while considering the company’s existing disclosure practices.

Pay for Performance

Performance-Based Awards

Vote CASE-BY-CASE on shareholder proposal requesting that a significant amount of future long-term incentive compensation awarded to senior executives shall be performance-based and requesting that the board adopt and disclose challenging performance metrics to shareholders, based on the following analytical steps:

• First, vote FOR shareholder proposals advocating the use of performance-based equity awards, such as performance contingent options or restricted stock, indexed options or premium-priced options, unless the proposal is overly restrictive or if the company has demonstrated that it is using a “substantial” portion of performance-based awards for its top executives. Standard stock options and performance-accelerated awards do not meet the criteria to be considered as performance-based awards. Further, premium-priced options should have a premium of at least 25 percent and higher to be considered performance-based awards.

• Second, assess the rigor of the company’s performance-based equity program. If the bar set for the performance-based program is too low based on the company’s historical or peer group comparison, generally vote FOR the proposal. Furthermore, if target performance results in an above target payout, vote FOR the shareholder proposal due to program’s poor design. If the company does not disclose the performance metric of the performance-based equity program, vote FOR the shareholder proposal regardless of the outcome of the first step to the test.

In general, vote FOR the shareholder proposal if the company does not meet both of the above two steps.

Pay for Superior Performance

Generally vote AGAINST, if a majority of pay is already linked to performance than proposal is redundant.
Pre-Arranged Trading Plans (10b5-1 Plans)

Generally vote FOR shareholder proposals calling for certain principles regarding the use of prearranged trading plans (10b5-1 plans) for executives. These principles include:

- Adoption, amendment, or termination of a 10b5-1 Plan must be disclosed within two business days in a Form 8-K
- Amendment or early termination of a 10b5-1 Plan is allowed only under extraordinary circumstances, as determined by the board
- Ninety days must elapse between adoption or amendment of a 10b5-1 Plan and initial trading under the plan
- Reports on Form 4 must identify transactions made pursuant to a 10b5-1 Plan
- An executive may not trade in company stock outside the 10b5-1 Plan
- Trades under a 10b5-1 Plan must be handled by a broker who does not handle other securities transactions for the executive

Prohibit CEOs from serving on Compensation Committees

Generally vote AGAINST proposals seeking a policy to prohibit any outside CEO from serving on a company’s compensation committee, unless the company has demonstrated problematic pay practices that raise concerns about the performance and composition of the committee.

Recoup Bonuses

Vote CASE-BY-CASE on proposals to recoup unearned incentive bonuses or other incentive payments made to senior executives if it is later determined that the figures upon which incentive compensation is earned later turn out to have been in error. This is in line with the clawback provision in the Trouble Asset Relief Program. Many companies have adopted policies that permit recoupment in cases where fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation. Victory will take into consideration:

- If the company has adopted a formal recoupment bonus policy
- If the company has chronic restatement history or material financial problems
- If the company’s policy substantially addresses the concerns raised by the proponent

Severance Agreements for Executives/Golden Parachutes

Vote FOR shareholder proposals requiring that golden parachutes or executive severance agreements be submitted for shareholder ratification, unless the proposal requires shareholder approval prior to entering into employment contracts.

Vote CASE-BY-CASE on proposals to ratify or cancel golden parachutes. An acceptable parachute should include, but is not limited to, the following:

- The triggering mechanism should be beyond the control of management
- The amount should not exceed three times base amount (defined as the average annual taxable W-2 compensation during the five years prior to the year in which the change of control occurs
- Change-in-control payments should be double-triggered, i.e., (1) after a change in control has taken place, and (2) termination of the executive as a result of the change in control. Change in control is defined as a change in the company ownership structure.

Share Buyback Holding Periods

Generally vote AGAINST shareholder proposals prohibiting executives from selling shares of company stock during periods in which the company has announced that it may or will be repurchasing shares of
its stock. Vote FOR the proposal when there is a pattern of abuse by executives exercising options or selling shares during periods of share buybacks.

**Stock Retention/Holding Period**

Vote AGAINST shareholder proposals asking companies to adopt holding periods or retention ratios for their executives.

**Supplemental Executive Retirement Plans (SERPs)**

Generally vote FOR shareholder proposals requesting to put extraordinary benefits contained in SERP agreements to a shareholder vote unless the company’s executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans.

Generally vote FOR shareholder proposals requesting to limit the executive benefits provided under the company’s supplemental executive retirement plan (SERP) by limiting covered compensation to a senior executive’s annual salary and excluding of all incentive or bonus pay from the plan’s definition of covered compensation used to establish such benefits.

**Tax Gross-Up Proposals**

Generally vote FOR proposals calling for companies to adopt a policy of not providing tax gross-up payments to executives, except in situations where gross-ups are provided pursuant to a plan, policy, or arrangement applicable to management employees of the company, such as a relocation or expatriate tax equalization policy.

**Termination of Employment Prior to Severance Payment and Eliminating Accelerated Vesting of Unvested Equity**

Vote CASE-BY-CASE on shareholder proposals seeking a policy requiring termination of employment prior to severance payment, and eliminating accelerated vesting of unvested equity. Change-in-control payouts without loss of job or substantial diminution of job duties (single-triggered) are consider a poor pay practice under Victory policy, and may even result in withheld votes from compensation committee members. The second component of this proposal — related to the elimination of accelerated vesting — requires more careful consideration. The following factors will be taken into regarding this policy.

- The company’s current treatment of equity in change-of-control situations (i.e. is it double triggered, does it allow for the assumption of equity by acquiring company, the treatment of performance shares.
- Current employment agreements, including potential poor pay practices such as gross-ups embedded in those agreements.

Generally vote FOR proposals seeking a policy that prohibits acceleration of the vesting of equity awards to senior executives in the event of a change in control (except for pro rata vesting considering the time elapsed and attainment of any related performance goals between the award date and the change in control).
Social/Environmental Issues

Overall Approach
When evaluating social and environmental shareholder proposals, Victory considers the following factors:

- Whether adoption of the proposal is likely to enhance or protect shareholder value
- Whether the information requested concerns business issues that relate to a meaningful percentage of the company’s business as measured by sales, assets, and earnings
- The degree to which the company’s stated position on the issues raised in the proposal could affect its reputation or sales, or leave it vulnerable to a boycott or selective purchasing
- Whether the issues presented are more appropriately/effectively dealt with through governmental or company-specific action
- Whether the company has already responded in some appropriate manner to the request embodied in the proposal
- Whether the company’s analysis and voting recommendation to shareholders are persuasive
- What other companies have done in response to the issue addressed in the proposal
- Whether the proposal itself is well framed and the cost of preparing the report is reasonable
- Whether implementation of the proposal’s request would achieve the proposal’s objectives
- Whether the subject of the proposal is best left to the discretion of the board
- Whether the requested information is available to shareholders either from the company or from a publicly available source
- Whether providing this information would reveal proprietary or confidential information that would place the company at a competitive disadvantage

Diversity

Board Diversity
Generally vote AGAINST requests for reports on the company’s efforts to diversify the board, if the company has a Board & Nominating Committee that has a practice of selecting candidates based on knowledge, experience, and skills regardless of gender or race.

Equality of Opportunity
Generally vote AGAINST proposals requesting a company disclose its diversity policies or initiatives, or proposals requesting disclosure of a company’s comprehensive workforce diversity data, including requests for EEO-1 data, if the company already has a policy in place.

Political Contributions
Generally vote for proposals requesting greater disclosure of a company’s political contributions and trade association spending policies and activities, considering:

- The company's policies, and management and board oversight related to its direct political contributions and payments to trade associations or other groups that may be used for political purposes
- The company's disclosure regarding its support of, and participation in, trade associations or other groups that may make political contributions
- Recent significant controversies, fines, or litigation related to the company's political contributions or political activities

Generally vote against proposals asking a company to affirm political nonpartisanship in the workplace, so long as:
• There are no recent, significant controversies, fines, or litigation regarding the company’s political contributions or trade association spending
• The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and prohibit coercion.

Vote against proposals asking for a list of company executives, directors, consultants, legal counsels, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company. Such a list would be burdensome to prepare without providing any meaningful information to shareholders

Lobbying
Vote case-by-case on proposals requesting information on a company’s lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures, considering:

• The company’s current disclosure of relevant lobbying policies, and management and board oversight
• The company’s disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in lobbying activities
• Recent significant controversies, fines, or litigation regarding the company’s lobbying-related activities

General Sustainability Reporting Proposals
Generally vote FOR proposals requesting the company to report on its policies, initiatives, and oversight mechanisms related to social, economic, and environmental sustainability, unless:

• The company already discloses similar information through existing reports or policies such as an Environment, Health, and Safety (EHS) report; a comprehensive Code of Corporate Conduct; and/or a Diversity Report
• The company has formally committed to the implementation of a reporting program based on Global Reporting Initiative (GRI) guidelines or a similar standard within a specified time frame

Climate Change/ Greenhouse Gas (GHG) Emissions
Generally vote FOR resolutions requesting that a company disclose information on the impact of climate change on the company’s operations and investments considering:

• The company already provides current, publicly-available information on the impacts that climate change may have on the company as well as associated company policies and procedures to address related risks and/or opportunities
• The company’s level of disclosure is at least comparable to that of industry peers
• There are no significant, controversies, fines, penalties, or litigation associated with the company’s environmental performance

Generally vote FOR proposals requesting a report on greenhouse gas (GHG) emissions from company operations and/or products and operations, unless:

• The company already provides current, publicly-available information on the impacts that GHG emissions may have on the company as well as associated company policies and procedures to address related risks and/or opportunities
• The company’s level of disclosure is comparable to that of industry peers
• There are no significant, controversies, fines, penalties, or litigation associated with the company's GHG emissions

Proposals that call for the adoption of GHG reduction goals from products and operations shall be evaluated based on the long-term economic interests of the advisory clients, taking into account:

• Overly prescriptive requests for the reduction in GHG emissions by specific amounts or within a specific time frame
• Whether company disclosure lags behind industry peers
• Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to GHG emissions
• The feasibility of reduction of GHGs given the company’s product line and current technology
• Whether the company already provides meaningful disclosure on GHG emissions from its products and operations

Human Rights Risk Assessment

Vote case-by-case on proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process, considering:

• The degree to which existing relevant policies and practices are disclosed, including information on the implementation of these policies and any related oversight mechanisms
• The company’s industry and whether the company or its suppliers operate in countries or areas where there is a history of human rights concerns
• Recent, significant controversies, fines, or litigation regarding human rights involving the company or its suppliers, and whether the company has taken remedial steps
• Whether the proposal is unduly burdensome or overly prescriptive

Gender Pay Gaps

Generally vote case-by-case on requests for reports on a company's pay data by gender, or a report on a company's policies and goals to reduce any gender pay gap, taking into account:

• The company's current policies and disclosure related to both its diversity and inclusion policies and practices and its compensation philosophy and fair and equitable compensation practices
• Whether the company has been the subject of recent controversy, litigation, or regulatory actions related to gender pay gap issues
• Whether the company's reporting regarding gender pay gap policies or initiatives is lagging its peers
Mutual Fund Proxies

Election of Directors
Vote CASE-BY-CASE on the election of directors and trustees, following the same guidelines for uncontested directors for public company shareholder meetings. However, mutual fund boards do not usually have compensation committees, so do not withhold for the lack of this committee.

Converting Closed-end Fund to Open-end Fund
Vote CASE-BY-CASE on conversion proposals, considering the following factors:
- Past performance as a closed-end fund
- Market in which the fund invests
- Measures taken by the board to address the discount
- Past shareholder activism, board activity, and votes on related proposals

Proxy Contests
Vote CASE-BY-CASE on proxy contests, considering the following factors:
- Past performance relative to its peers
- Market in which fund invests
- Measures taken by the board to address the issues
- Past shareholder activism, board activity, and votes on related proposals
- Strategy of the incumbents versus the dissidents
- Independence of directors
- Experience and skills of director candidates
- Governance profile of the company
- Evidence of management entrenchment

Investment Advisory Agreements
Vote CASE-BY-CASE on investment advisory agreements, considering the following factors:
- Proposed and current fee schedules
- Fund category/investment objective
- Performance benchmarks
- Share price performance as compared with peers
- Resulting fees relative to peers
- Assignments (where the advisor undergoes a change of control)

Approving New Classes or Series of Shares
Vote FOR the establishment of new classes or series of shares.

Preferred Stock Proposals
Vote CASE-BY-CASE on the authorization for or increase in preferred shares, considering the following factors:
- Stated specific financing purpose
- Possible dilution for common shares
- Whether the shares can be used for antitakeover purposes

1940 Act Policies
Vote CASE-BY-CASE on policies under the Investment Advisor Act of 1940, considering the following factors:
- Potential competitiveness
- Regulatory developments
- Current and potential returns
• Current and potential risk

Generally vote FOR these amendments as long as the proposed changes do not fundamentally alter the investment focus of the fund and do comply with the current SEC interpretation.

**Changing a Fundamental Restriction to a Nonfundamental Restriction**
Vote CASE-BY-CASE on proposals to change a fundamental restriction to a non-fundamental restriction, considering the following factors:
- The fund's target investments
- The reasons given by the fund for the change
- The projected impact of the change on the portfolio

**Change Fundamental Investment Objective to Nonfundamental**
Vote AGAINST proposals to change a fund's fundamental investment objective to non-fundamental.

**Name Change Proposals**
Vote CASE-BY-CASE on name change proposals, considering the following factors:
- Political/economic changes in the target market
- Consolidation in the target market
- Current asset composition

**Change in Fund's Subclassification**
Vote CASE-BY-CASE on changes in a fund's sub-classification, considering the following factors:
- Potential competitiveness
- Current and potential returns
- Risk of concentration
- Consolidation in target industry

**Disposition of Assets/Termination/Liquidation**
Vote CASE-BY-CASE on proposals to dispose of assets, to terminate or liquidate, considering the following factors:
- Strategies employed to salvage the company
- The fund's past performance
- The terms of the liquidation

**Changes to the Charter Document**
Vote CASE-BY-CASE on changes to the charter document, considering the following factors:
- The degree of change implied by the proposal
- The efficiencies that could result
- The state of incorporation
- Regulatory standards and implications

Vote AGAINST any of the following changes:
- Removal of shareholder approval requirement to reorganize or terminate the trust or any of its series
- Removal of shareholder approval requirement for amendments to the new declaration of trust
- Removal of shareholder approval requirement to amend the fund's management contract, allowing the contract to be modified by the investment manager and the trust management, as permitted by the 1940 Act
• Allow the trustees to impose other fees in addition to sales charges on investment in a fund, such as deferred sales charges and redemption fees that may be imposed upon redemption of a fund's shares
• Removal of shareholder approval requirement to engage in and terminate subadvisory arrangements
• Removal of shareholder approval requirement to change the domicile of the fund

Changing the Domicile of a Fund
Vote CASE-BY-CASE on re-incorporations, considering the following factors:
• Regulations of both states
• Required fundamental policies of both states
• The increased flexibility available

Authorizing the Board to Hire and Terminate Subadvisors Without Shareholder Approval
Vote AGAINST proposals authorizing the board to hire/terminate subadvisors without shareholder approval.

Distribution Agreements
Vote CASE-BY-CASE on distribution agreement proposals, considering the following factors:
• Fees charged to comparably sized funds with similar objectives
• The proposed distributor’s reputation and past performance
• The competitiveness of the fund in the industry
• The terms of the agreement

Master-Feeder Structure
Vote FOR the establishment of a master-feeder structure.

Mergers
Vote CASE-BY-CASE on merger proposals, considering the following factors:
• Resulting fee structure
• Performance of both funds
• Continuity of management personnel
• Changes in corporate governance and their impact on shareholder rights

Shareholder Proposals for Mutual Funds

Establish Director Ownership Requirement
Generally vote AGAINST shareholder proposals that mandate a specific minimum amount of stock that directors must own in order to qualify as a director or to remain on the board.

Reimburse Shareholder for Expenses Incurred
Vote CASE-BY-CASE on shareholder proposals to reimburse proxy solicitation expenses. When supporting the dissidents, vote FOR the reimbursement of the proxy solicitation expenses.

Terminate the Investment Advisor
Vote CASE-BY-CASE on proposals to terminate the investment advisor, considering the following factors:
• Performance of the fund’s Net Asset Value (NAV)
• The fund’s history of shareholder relations
• The performance of other funds under the advisor’s management
Scope
This policy applies to Victory Capital Management Inc. The entity and its employees are responsible for complying with this policy. The Legal, Compliance and Risk Department owns this policy.

Exception / Escalation Policy
All material exceptions to this policy will be reported to the Compliance Committee and Victory Capital Management Inc. board members. If needed, exceptions may also be presented to the Victory Capital Holdings Inc. board members.

Last Updated: February 1, 2018
Effective Date: February 1, 2019